

The complaint

This complaint is about two mortgages Mr M and Miss Y hold with National Westminster Bank Plc (NatWest). The essence of the complaint is that based on information given in 2019, that Mr M and Miss Y say was incorrect, Mr M and Miss selected a two-year fixed interest rate deal in 2022 when they would otherwise have selected a five-year deal. They say this has resulted in them renewing the interest rate in 2024 at a higher level than they'd be paying if they'd fixed for five years in 2022.

Whilst the complaint has been brought by Mr M and Miss Y jointly, all of our dealings have been with Mr M on their joint behalf.

What happened

The broad circumstances of this complaint are known to Mr M and Miss Y and NatWest. I'm also aware that the investigator issued a detailed response to the complaint, a copy of which has been sent to all parties, and so I don't need to repeat all the details here. Our decisions are published, and it's important that I don't include any information that might result in Mr M and Miss Y being identified.

Instead I'll give a brief summary in my own words, and then focus on giving the reasons for my decision. If I don't mention something, it won't be because I've ignored it. It'll be because I didn't think it was material to the outcome of the complaint.

Mr M and Miss Y have two mortgages with NatWest; the first was taken out in 2008, and has account ending 051. This was taken out as a residential mortgage but in 2017 Mr M and Miss Y sought another mortgage with NatWest for a different property to live in; that mortgage has account number ending 577. Since then, mortgage number 051 has been the subject of a concessionary consent to let (CIL).

In January 2019, Mr M and Miss Y applied for a further advance of £25,000 on account 051; this was an advised sale in which a NatWest mortgage advisor made a recommendation based on their needs and circumstances as captured in a fact-find.

Later in 2019, Mr M and Miss Y requested a product switch on account 051; a fixed rate of 2.02% running until 31 March 2024. This was mis-handled and the mortgage spend some time on NatWest's standard variable rate (SVR), resulting in a complaint. NatWest addressed the complaint in a final response dated 1 May 2020; the rate change took effect from 1 April 2020, and £250 compensation was paid.

In February 2022, Mr M And Miss Y applied for a product switch on account number 577; they did this through NatWest's on-line portal, selecting a two-year fixed on a non-advised basis. They then took a further advance on account number 577 in early 2023, which was an advised sale.

In early 2024, the fixed rate product on account number 577 was coming towards expiry. Mr M and Miss Y raised a complaint, saying, in essence, that during the advice process for the 2019 further advance on account number 051, the mortgage advisor had told them that

interest rate products could not be ported; that is, moved to a new mortgage on a different property. When they carried out the product switch on account number 577 in 2022, Mr M and Miss Y said they had plans to move house in 2024 (albeit those plans didn't come to fruition).

Recalling what they believed they'd been told in 2019 about rate products not being portable, Mr M and Miss Y said they'd selected a two-year deal for account number 577 in 2022. They'd since realised the rate products were portable, and say that if they'd not been wrongly told the opposite in 2019, they'd have selected a five-year deal for account number 577 in 2022. Having to renew the rate in 2024 meant they would now pay more than if they had been on a five-year fixed rate from 2022.

NatWest addressed the complaint in a final response dated 30 April 2024; for the most part, it rejected Mr M and Miss Y's claims to have been mis-informed in 2019 about the portability of its interest rate products. It provided the caveat that with account number 051 being the subject of CIL, the provision of residential interest rate products was a concession that would end if that property was sold and a new one purchased to replace it.

NatWest also said that in a phone call prior to taking out the two-year deal on account 577 in 2022, Mr M and Miss Y had said they wanted a two-year deal because they had plans to move. At this point, NatWest thought the call-handler had missed an opportunity to remind them that rate products were portable. Although not part of what Mr M and Miss Y had complained about, NatWest paid them £250 compensation for this, along with another £100 for the time taken to deal with the complaint.

Our investigator thought NatWest's settlement was fair. Mr M and Miss Y have asked for the case to be reviewed by an ombudsman.

What I've decided – and why

I'll start with some general observations. We're not the regulator of financial businesses, and we don't "police" their internal processes or how they operate generally. That's the job of the Financial Conduct Authority (FCA). We deal with individual disputes between businesses and their customers. In doing that, we don't replicate the work of the courts.

We're impartial, and we don't take either side's instructions on how we investigate a complaint. We conduct our investigations and reach our conclusions without interference from anyone else. But in doing so, we have to work within the rules of the ombudsman service, and the remit those rules give us.

We operate a two-stage process whereby a case will be considered by an investigator first, and only referred for review by an ombudsman if either party (or sometimes both) is dissatisfied with the investigator's findings. But the investigator has a responsibility to ensure that all of the points he or she considers relevant to the outcome have been addressed *before* that happens. So it doesn't automatically follow that because one party has requested a case be referred to an ombudsman, that will always be the next thing that happens

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

It's important to keep in mind that whilst NatWest has paid compensation for what it considers a missed opportunity in 2022, the core of this complaint isn't the 2022 transaction on account number 577. Rather, it's the 2019 advised transaction on account number 051, which Mr M and Miss Y argue influenced the decision they made on the 2022 non-advised transaction on account number 577.

The first observation I would make is that the outcome of this case doesn't turn on changes to the layout of NatWest's on-line portal from time to time. It turns on what NatWest said (or most likely said) to Mr M and Miss Y in the advice interview in 2019 and the point of sale documentation for the various transactions they entered into. Individual recollections about what Mr M and Miss Y believe they were told are relevant too, but generally speaking, we'll attach more weight to the contemporaneous written evidence.

To find in Mr M and Miss Y's favour, I have to be persuaded on the balance of probabilities, that, during the advised sale process for the further advance on account number 051 in 2019, NatWest most likely misled Mr M and Miss Y into thinking its interest rate products could never be ported from one mortgage to another. Bearing in mind what I said about contemporaneous evidence and written documentation carrying more weight than uncorroborated recollections, I have to say it would be difficult for me to reach a conclusion that Mr M and Miss Y were mis-advised or wrongly informed on the portability of its mortgage products in the way they describe.

Here's what the offer for the further advance from January 2019 said:

“What happens if you move house?”

MI New Home

If your original mortgage product was a MI New Home scheme mortgage this mortgage is not portable and so you will have to apply for another mortgage.

New Buy

If your original mortgage product was a New Buy scheme mortgage this mortgage is not portable and so you will have to apply for another mortgage.

Help to Buy Shared Equity

If your original mortgage product was a Help to Buy Shared Equity scheme mortgage this mortgage is not portable and so you will have to apply for another mortgage.

All other cases

You have the possibility, during the period in which an early repayment charge is payable to port your existing mortgage product(s) to your new property subject to the following terms:-

- Your new application must meet our lending criteria current at the time you move. We will carry out credit checks on you, and will require a valuation of the new property, and will decline to port if you do not meet our criteria in force at that time. This may mean we decline to lend at all on the new property, or may allow you to port less than the amount you applied for.*
- Where you have a Buy-to-Let mortgage you may not be able to port this mortgage if you already own 9 Buy to Let or Consent to Let properties. Please contact us for more details.*
- You may not port to a flexible mortgage type such as an Offset or One Account mortgage.*

- You may port the mortgage product where all existing names will be on the new mortgage. The mortgage product must be the same, in terms of interest rate and product end date.
- You may also port the mortgage from joint names to a sole name or from joint names to joint names (where one existing party is being removed), if we obtain written evidence from the party being removed from the mortgage. The mortgage product can only be ported to one of the joint names on the initial mortgage.
- The mortgage must be ported to a new property that you are purchasing; you cannot port to a property you already own. The existing mortgage needs to be redeemed by some means.
- We will refund your ERC **if you meet the above terms**, provided that you complete your new mortgage within four months of the date of redemption of the current mortgage (e.g. if this mortgage redeems on the 25th January, your new mortgage **must** complete by or on 24 May. If 24 May falls on a non-business day, the new mortgage **must** complete by or on the last business day before that date).
- If you port the full balance on which an ERC is payable, we will make a full refund of the ERC. If you port less than the full balance outstanding we will only refund the ERC payable on the amount transferred.

Where no ERC is payable, you may apply to us for a new mortgage when moving house. Any new application will be subject to our lending criteria at the time you move, and will require credit checks and a valuation of the new property.”

I appreciate there's a lot of detail to process there, and I can't be sure how much of it Mr M and Miss Y read and assimilated at the time. But it is set out in a manner approved by the FCA, and it's there for a reason; to ensure borrowers know what is in the contract they're entering into.

In essence, what this section let Mr M and Miss Y know was that NatWest's mortgage products were generally portable (subject to certain exclusions) and where those exclusions didn't apply, that any requests were subject to meeting its criteria at the point of request.

It's worth pointing out also, that the same narrative was included in the following documents:

- a variation agreement on account number 051 dated 31 December 2019;
- a variation agreement on account number 051 dated 28 April 2020; and
- a variation agreement on account number 051 dated 14 June 2021.

All of the above were issued after the events Mr M and Miss Y are complaining about, but before they applied for the two-year rate product on account number 577 in 2022. I haven't seen a copy of the variation agreement for that product. But I think it more likely than not that it will have contained the same, or a broadly similar, narrative, just as did the original mortgage offer from 27 January 2017, and all those that have been issued since 2022.

Putting all of the above together, I'm not persuaded that, in the advised sale process for the 2019 further advance on account number 051, or indeed at any other stage prior to or after it, NatWest wrongly led Mr M and Miss Y to believe its mortgage products could never be ported. It follows from this conclusion that I can't find that NatWest has any liability to Mr M and Miss Y for the financial implications of them taking a two-year fixed rate on account number 577 in 2022 rather than a five-year fixed rate.

I said at the outset that I wouldn't be commenting on every single point, and I haven't. I have, as I said I would, confined myself to those matters that I consider have a material effect on the outcome. I can see how strongly Mr M and Miss Y feel. That's a natural, subjective reaction, and entirely understandable.

But I have to take a different approach. I'm impartial and I have to take a step back from the minutiae, use professional detachment and look at things objectively, and focus on the broader picture. That's what I've done.

My final decision

My final decision is that I don't uphold this complaint or make any order or award against National Westminster Bank Plc.

My final decision concludes this service's consideration of this complaint, which means I'll not be engaging in any further discussion of the merits of it.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M and Miss Y to accept or reject my decision before 2 April 2025.

Jeff Parrington

Ombudsman