

The complaint

Mr B complains via his representative that National Westminster Bank Plc (NatWest) treated him unfairly in how it has handled his account since he fell into arrears.

What happened

Mr B's mortgage account with NatWest has been in arrears for several years.

In December 2022, NatWest chose to pass the management of Mr B's arrears to its solicitor firm who I shall refer to as 'S' for the purposes of this complaint. S sent Mr B a letter in January 2023 notifying him that it had been authorised by NatWest to handle his account. It asked Mr B to pay the outstanding arrears balance in full within seven days of the letter or, if he was unable to do so, contact S so he could explore methods with it to try and get the account back on track.

At this stage, Mr B approached his parents for help. He explains that everything had become too much for him and his mental health and that he could no longer correspond with either NatWest or S.

Mr B's mother, who I shall refer to as 'AB', contacted S late January, explained that she had just been made aware of her son's mortgage arrears and set about trying to understand what had happened and what would need to be done to get things back on track.

A letter of authority (LoA) was received by S on 30 January 2023 giving it authority to discuss Mr B's account with AB. The LoA did not provide AB's telephone number or address so the primary contact details for both S and NatWest remained as Mr B's. The LoA was sent by S to NatWest on 1 February 2023.

S explained that Mr B needed to agree to a payment arrangement that would reduce and clear his mortgage arrears. AB queried if this was the right approach, highlighting that his fixed-interest rate was due to expire in March 2023, so agreeing to a payment arrangement based on the contractual monthly payment (CMP) as it was in February 2023 plus the arrears, would fail after one month when the CMP increased. S explained it was unable to arrange or discuss a new fixed-interest product for Mr B as it was limited to trying to recover the arrears. Instead, it directed AB to NatWest to discuss the interest rate on Mr B's mortgage.

AB says she had significant difficulty trying to get through to NatWest and that when she did get through, she was often told it did not have authority to speak to her about the account or it would say she had failed security – requiring Mr B to speak to an adviser to provide consent for NatWest to speak to AB. She has sent in records of her calls with both S and NatWest to demonstrate the difficulties she has had.

AB says NatWest were unhelpful, often disconnected calls, refused to speak to her on occasion and in some instances, called Mr B instead of her, causing him significant distress. It was not until March 2023 that Mr B was successful in securing a new fixed-interest product.

AB is unhappy with how NatWest treated Mr B and how difficult it made the process for her.

NatWest investigated the complaint and did not uphold the majority of it. In summary it said:

- It had acted correctly in passing Mr B's account to S;
- As AB does not hold Power of Attorney for Mr B, it was right for it to insist that Mr B be present and agree to any changes to the mortgage and that it was entitled to continue talking to Mr B despite being made aware of his vulnerabilities;
- It received and accepted the LoA on the 1 February 2023 so it disagrees that it told AB that she wasn't authorised to discuss the account from this date;
- It believes it holds the correct information for Mr B on its systems and it was correct not to continue with calls on which AB failed its security questions; and
- While it said it couldn't evidence call wait times for individual consumers, it accepted its likely AB and Mr B were subject to unreasonable delays while waiting to speak to a member of NatWest. It awarded £40 in recognition of this.

Unhappy with NatWest's response, AB referred the complaint to our service on Mr B's behalf.

One of our investigators looked into the case but didn't think it should be upheld. She thought NatWest's decision to move the management of the arrears to S to be reasonable in the circumstances. And while she acknowledged the difficulties Mr B has experienced, she didn't think NatWest had acted unfairly in its communications with Mr B or its insistence on security questions being answered correctly before discussing the account.

Unhappy with the outcome reached by the investigator, AB requested the case be appealed to an ombudsman on Mr B's behalf.

As the complaint could not be resolved informally, it has now been passed to me to decide.

What I've decided – and why

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

When considering what is fair and reasonable in all the circumstances, I am required by DISP 3.6.4R of the Financial Conduct Authority's (FCA) Handbook to take into account:

'(1) relevant:

- (a) law and regulations;
- (b) regulators' rules, guidance and standards;
- (c) codes of practice; and

(2) (where appropriate) what [I consider] to have been good industry practice at the relevant time.'

I also focus on what I think is material and relevant to reach a fair and reasonable outcome. So, although I have read everything that has been supplied to me, I may not address every

point that has been raised.

Having done all that, I do not think this complaint should be upheld. I realise this will come as a disappointment to Mr B and his representative, AB. But I hope my explanation helps them to understand why I have reached this conclusion.

It is not in dispute that Mr B has been experiencing financial difficulty, job insecurity and is vulnerable. It is also clear that the arrears on his mortgage and NatWest's decision to move the management of such arrears to S has caused him significant stress and worry. I can also see his representative, AB, has experienced difficulties trying to handle his account on her own, often needing ad hoc consent to be provided by Mr B to discuss the account even though a LoA was sent to NatWest. But what I must decide, is whether any of these difficulties were as a result of NatWest having made an error or a series of errors that led to Mr B being treated unfairly.

The terms of Mr B's mortgage account allow NatWest to move the management of arrears to S should certain criteria be met. This is not an unusual practice within the mortgage industry, but I can appreciate that such an action may cause some unavoidable stress on the account holder as it highlights that immediate action is needed to bring the account into good order. So, while NatWest's decision to pass the account to S is not a reason for me to uphold this complaint, I can appreciate that it caused Mr B some unavoidable distress.

A significant part of this complaint relates to the hurdles and frustrations faced by AB in her attempts to deal with NatWest on Mr B's behalf – encompassing long wait times, failed security questions, a perceived delay in the LoA being uploaded onto NatWest's systems and the general impact of needing to deal with both NatWest and S rather than be able to have one conversation with one entity about both the arrangement plan and securing a new rate.

However, AB is not an eligible complainant for the purposes of this complaint – Mr B is. So, I am unable to award compensation for the customer service she experienced, comment on the £40 awarded by NatWest for the call wait times or any resulting distress and inconvenience caused to AB.

Instead, I need to consider whether Mr B was impacted either directly or indirectly by NatWest's interactions with his representative and as a result, suffered undue distress and inconvenience.

I will start with the LoA and the security questions. It is clear Mr B needed help managing his financial affairs. And in such a scenario, I would expect NatWest to honour his request that it speak to his representative and give her access to his account information. However, this would still need to be done in such a way that complies with data protection legislation and protects Mr B's information.

I can see that the LoA was received by NatWest on the 1 February 2023 and uploaded to its systems later that day. As such NatWest acted correctly in not talking to AB about Mr B's account before this date unless he was able to join the call to provide consent.

There is a dispute as to when the LoA became effective, with AB saying this didn't happen until mid-February. But I can see NatWest uploaded the LoA on its system on 1 February 2023 and AB was able to discuss Mr B's account without him joining the call on a number of occasions prior to the mid-February. So, I am satisfied NatWest acted reasonably here and once it had an LoA on file, it was happy to discuss the account with AB if she passed security.

The requirement to answer security questions is standard industry practice and operates to protect an individual's confidential data. The existence of an LoA does not negate the need for security questions – NatWest still needed to ensure they were speaking to an authorised person before discussing the account.

I can see that AB failed the security questions on at least two occasions and this resulted in Mr B having to call NatWest, pass security himself and then provide ad hoc authorisation for AB to continue the call. This was undoubtedly frustrating for both AB and Mr B.

AB says this is because NatWest has Mr B's address recorded as a flat incorrectly. And because she didn't say the word 'flat' before the door number, she automatically failed security. AB disputes that Mr B's property is a flat.

AB's recollections match what I can see on NatWest's internal notes. It does mark that AB had failed to say 'flat' when giving the address. I can also see that NatWest updated Mr B's address in January 2023 to match the entry on the Land Registry, which has the property recorded as a leasehold flat. But, putting this to one side, I can also see that AB was asked two security questions each time and on both occasions that she failed security, AB was unable to answer the second question. So, I am not persuaded the dispute over whether the property is a flat, is the only reason AB failed security. As a result, I do not uphold this aspect of the complaint.

Overall, I can see and accept that AB and Mr B experienced a great deal of stress resulting from their interactions with NatWest and S between January 2023 and March of that year. However, while I can see that they had a less than smooth journey trying to get the account back on track, I am not persuaded NatWest made an error or caused any additional, avoidable distress for which compensation is due.

It was entitled to ensure it was speaking to an authorised person before divulging confidential information and to ask security questions before discussing the account. And while having to talk to two different entities about both the plan and the interest rate applicable to Mr B's account is understandably frustrating and time consuming, NatWest was entitled to structure the management of Mr B's account in this way.

Notwithstanding the above, I can see the frustration AB has experienced trying to deal with both S and NatWest. NatWest has said it made it clear to AB and Mr B that it had passed the account to S to manage. So, neither Mr B nor AB needed to call NatWest to discuss the arrears or the payment plan. Their decision to do so, was not something it could be held responsible for.

In a similar vein, S said it was managing the arrears on the account including payment arrangements and it was happy to rely on the LoA when discussing the account with AB. But it made it clear that it was unable to discuss getting a new interest rate product and that such conversations must be had with NatWest.

NatWest and S's actions in this regard are in line with what I expect – to a degree. S is not a lender and is not authorised to provide advice or agree a new fixed-interest rate product with Mr B. Its role is to help recover the arrears on the account. NatWest was entitled to pass the management of the account to S and it would not be efficient nor helpful for it to then hold separate conversations with Mr B or AB about those arrears.

However, I can sympathise with AB's concern that agreeing a payment plan in February only for it to no longer be relevant the following month when Mr B's CMP increased at the end of his existing fixed-interest product was counterproductive.

In considering this point, it is important to note that Mr B had requested a new rate in November 2022 and a meeting to discuss such an application was booked for 18 November 2022 and a new rate was agreed which would have gone live in March 2023. Mr B then chose not to go ahead with the product as he thought the CMP would be unaffordable for him. And I can't see a new rate was requested by Mr B again until AB raised concerns in February 2023. NatWest is not obligated to proactively offer customers a new interest rate.

I can see that Mr B chose not to go ahead with the rates offered in February 2023, suggesting that the rates available were still too high when combined with the monthly contribution for arrears. The notes show that a third mortgage meeting was booked for mid-March 2023 and as rates had reduced, Mr B was able to select a new fixed rate. Taking all of this into account I am not persuaded that NatWest has made an error. It set up a mortgage advice meeting each time Mr B (or AB) requested one and it offered Mr B a new rate on each occasion – with Mr B choosing to go ahead on the third occasion as the fixed-interest rates had come down.

AB has also complained that NatWest continued to contact Mr B after she told it not to. There are a few points to note here which I will deal with in turn.

The first is although AB was now assisting Mr B with his account, she did not have legal authority to make financial decisions on his behalf. Such authority would be granted by a Power of Attorney but that was not the case here. As a result, Mr B is the only person able to consent to changes to his mortgage account (such as a new fixed rate) or to provide temporary authorisation for someone else to discuss his account on his behalf (such as the calls he had to make to NatWest to authorise AB on the occasions she failed security).

NatWest is also required under mortgage regulations to keep Mr B updated with the status of his mortgage account. And as his correspondence address on file with NatWest was the property within which he was residing, this would mean that letters would need to be sent to Mr B on occasion.

And finally, I have reviewed the contemporaneous notes from the call between AB and NatWest which took place prior to Mr B calling AB from his place of work. AB says she explicitly told NatWest not to call Mr B directly and the impact of it doing so led to him losing his job as he was seen shouting angrily on the phone to AB while on work premises.

As I mentioned above, it was right that NatWest spoke to Mr B directly about moving to a new fixed rate – AB was not authorised to make this decision for him. Further to this, the call notes made at the time of AB's call with NatWest record her asking if the adviser could call Mr B to get the process of a new rate started. While I have no reason to doubt what AB says happened next (in terms of Mr B's call with her), this is not something NatWest could have foreseen nor is it something it can be held responsible for.

Overall, having reviewed all of the submissions carefully, I am not persuaded NatWest has acted unfairly or unreasonably.

My final decision

For the reasons set out above, I do not uphold this complaint and I make no award against National Westminster Bank Plc.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 14 February 2024.

Lucy Wilson
Ombudsman