

## **The complaint**

Mr O complains that National Westminster Bank Plc has delayed him switching to a new fixed interest rate product on his mortgage.

## **What happened**

Mr O has a buy-to-let mortgage with NatWest. In October 2021, when his existing fixed rate expired, he contacted NatWest to arrange a new fixed rate. He said despite attempting to progress things with NatWest many times he never got anywhere.

The investigator thought the complaint should be upheld. She said that NatWest had not followed up with Mr O as it should have. If it had done so, she said that Mr O would have taken a new fixed rate with NatWest in October 2021. So NatWest should backdate the three-year fixed rate of 0.86% that was available in October 2021. She thought NatWest's offer of £500 it had already paid Mr O was fair for any distress and inconvenience.

Both Mr O and NatWest accepted the investigator's view. But over four months later, Mr O had still not received the agreed settlement. The investigator said NatWest should pay Mr O a further £250 for the additional stress caused by the delay. Yet, almost three months later, the agreed settlement had still not been made. NatWest offered Mr O £500 to reflect the delays.

## **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.

The circumstances here aren't in dispute – and nor are the findings reached by the investigator. I agree with the conclusions reached by the investigator. Mr O tried unsuccessfully to arrange a new fixed rate with Nat West. But NatWest was unable to do so. It doesn't seem there was anything more that Mr O could have done to get NatWest to offer him a new fixed rate. If NatWest had treated him fairly then I am satisfied that he would have arranged anew fixed rate in October 2021.

I also agree that based on what we know it is likely that Mr O would have agreed an interest rate of 0.86% fixed for three years. That should be backdated as if it began on 1 November 2021. The difference between the amount Mr O actually paid to his mortgage and what he would have paid had the 0.86% rate been in place should be refunded for any payments from 1 November 2021 to date of settlement. In line with our approach where a borrow has been deprived of money as a result of an error, NatWest should pay interest on the refund from the date the payment was made until date of settlement at 8% simple per year.

This should have been a straightforward request for NatWest to action. It's clear Mr O has been caused a substantial amount of inconvenience – he's been trying to switch rates for over two years. And when he thought things had been resolved, he suffered the disappointment that, in fact, they had not. Things have dragged on for many more months. But in all the circumstances, I think the total compensation of £1,000 – of which I understand

£500 has already been paid – is fair and reasonable.

It is very unusual for a business to agree to a settlement proposed by us but then take so long to put it in place. It's not clear from the information available to me if NatWest has now done everything it agreed to do. But I'm going to issue a legally binding decision so that it must do what it says. If it does not do so then Mr O will be able to enforce the decision in court.

### **My final decision**

My final decision is that National Westminster Bank Plc should:

- Switch Mr O's mortgage to an interest rate of 0.86% fixed for three years from 1 November 2021.
- From 1 November 2021 until date of settlement, pay Mr O the difference between the amount Mr O has actually paid to his mortgage and what he would have paid had his mortgage been on the above interest rate.
- Pay interest on the above amount at 8% simple per year from the date each payment was made until date of settlement. If NatWest considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Mr O how much it's taken off. It should also give Mr O a tax deduction certificate if he asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate.
- Pay Mr O a total of £500 for any distress and inconvenience – a total of £1,000 including the £500 already paid. NatWest must pay the compensation within 28 days of the date on which we tell it Mr O accepts my final decision. If it pays later than this it must also pay interest on the compensation from the deadline date for settlement to the date of payment at 8% a year simple.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr O to accept or reject my decision before 5 February 2024.

Ken Rose  
**Ombudsman**