

The complaint

Mr D's complaint is about his mortgage account with National Westminster Bank Plc (NatWest). Mr D is unhappy that he was unable to secure a mortgage rate that he had seen in October 2022.

To settle the complaint Mr D wants NatWest to compensate him for his financial losses.

What happened

I do not need to set out the full background to the complaint. This is because the history of the matter is set out in the correspondence between the parties and our service, so there is no need for me to repeat the details here. In addition, our decisions are published, so it's important I don't include any information that might lead to Mr D being identified. So for these reasons, I will instead concentrate on giving the reasons for my decision. If I don't mention something, it won't be because I've ignored it; rather, it'll be because I didn't think it was material to the outcome of the complaint.

Mr D has a mortgage with NatWest taken out in 2011. In 2018 Mr D took out a fixed-rate product with the first 65 months at 2.44% that is due to expire on 31 December 2023. An early repayment charge (ERC) applied if the product was closed before that date.

Concerned about interest rate increases, Mr D contacted the bank on 30 September 2022. He wanted to exit his current interest rate product and take out a new fixed rate for the next five years. Mr D was told he'd need to have an appointment with a mortgage advisor, but that there would be a wait of several weeks for this.

Mr D contacted NatWest on again 1 October 2022. Mr D says he tried for over two hours to get through to NatWest, without success. Mr D says he tried again on 2 October 2022, again without success.

It wasn't until 3 October 2022 that Mr D was able to speak to NatWest and said he wanted to fix his mortgage at the rate he'd seen on 2 October 2022 – 3.69%, with a product fee of £995. Mr D was told that this rate was no longer available.

Mr D made other calls to NatWest, some of which also weren't answered. Mr D made a complaint, and received an acknowledgement three weeks later on 21 October 2022 when the bank said that it would respond to the complaint within the next five weeks.

NatWest issued its final response letter on 4 November 2022. In it the bank explained that, because Mr D was in an existing mortgage product, he needed to speak to someone at the bank before being able to switch to a new interest rate product. NatWest said that, as rates had increased on 3 October 2022, it hadn't been possible for Mr D to have the 3.69% rate he'd wanted as this was no longer available when Mr D spoke to NatWest.

Dissatisfied with NatWest's response, Mr D brought his complaint to our service. Mr D said that because he wasn't able to fix his mortgage on the 3.69% rate he wanted, even factoring

in the ERC to switch to a new rate, he's now losing out financially because interest rates have risen. At the time of the complaint to us (November 2022) the rate was 5.44%.

An investigator looked at the complaint but didn't think the complaint should be upheld. He said that during the relevant period, due to interest rate increases, mortgage lenders were exceptionally busy, with vastly increased call volumes. Therefore, whilst it was unfortunate Mr D hadn't been able to get through to the bank, he wasn't able to find the bank to be at fault. The investigator also explained that NatWest had 8 weeks to respond to Mr D's complaint, and that the time taken to respond to the complaint hadn't delayed Mr D applying for a new rate.

Mr D asked for the complaint to be reviewed by an ombudsman. He's provided no new evidence or arguments.

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.

Having done so, I have disappointing news for Mr D; I'm not upholding the complaint. These are my reasons.

Although generally rate switches can be done online, in this case it was necessary for NatWest to give advice. This is because Mr D wanted to break his existing deal, and so would be subject to an ERC. NatWest therefore had a legitimate reason why Mr D needed to speak to the bank before applying for a new product.

In late September/early October 2022 the bank was experiencing an unprecedented number of calls. This was as a result of a 'mini-budget' by the then Chancellor of the Exchequer which had taken place on 23 September 2022, and which threw the financial markets into turmoil, with an increase in Bank of England Base Rate and a knock-on effect on mortgage interest rates. Consequently, large numbers of customers tried to secure a new product before mortgage interest rates increased any further.

I've noted what Mr D has said about the inconvenience and trouble to which he was put in trying to get through to NatWest, from 1 October 2022 until he was finally able to speak to someone on 3 October 2022. Mr D says that he was on hold to the bank for long periods at a time, and that the calls were cut off.

I'm not persuaded this is NatWest's fault. I think that it is more likely than not that calls were disconnected by the mobile phone network rather than the bank. I don't know which network Mr D is on, but all networks have what is called a 'fair usage' policy. For example, I understand O2's policy specifies that calls are disconnected after 60 minutes and Virgin Mobile will disconnect calls just before 60 minutes, because customers are charged for calls after 60 minutes and need to re-dial. Other networks disconnect after 2, 2.5 or 3 hours. Given this, I am not persuaded that NatWest disconnected the calls, although I do understand why Mr D may have thought so.

Overall, whilst I acknowledge Mr D's frustration, I'm not persuaded NatWest did anything wrong. There was no mortgage offer for the 3.69% five-year rate, because by the time Mr D managed to speak to NatWest, that rate had been withdrawn. Simply selecting the desired product is not the same as making an application for it. With a fixed-rate product, the bank borrows funds in the wider markets so it can lend that money to customers at a particular rate of interest. Individual customers apply for a tranche of these funds and once all the tranches have been applied for, the product is withdrawn.

This is demand-led, and so it is literally a case of first-come, first-served. Customers who are able to apply for a rate switch online would have a head start over customers who need to speak to the bank (as Mr D did) before applying for a new product. But, as I've said above, because Mr D wanted to break an existing deal, NatWest had to speak to him before the bank could go ahead with an application for a new rate, and I don't think this was unreasonable.

I fully acknowledge that Mr D is unhappy that, by the time he spoke to NatWest, the rate he wanted was no longer available. But overall I'm not persuaded NatWest is at fault, or is under any obligation to offer the 3.69% five-year product to Mr D. The difficulty in getting through to NatWest was as a result of events outside the control of NatWest, and so, whilst I acknowledge Mr D's disappointment, I'm unable to find that the bank has acted unfairly or unreasonably.

Mr D is also unhappy at the time taken by NatWest to respond to his complaint. However, complaint-handling isn't a regulated activity, nor is it ancillary to a regulated activity. This means that a complaint about complaint-handling doesn't fall within the scope of the rules of the Financial Ombudsman Service. As the investigator explained, NatWest had eight weeks to respond to the complaint, and did so within that timescale.

Mr D is still on the 2.44% five-year fixed rate he took out in 2018, which is due to come to an end in December 2023. If Mr D wants a new interest rate product, the Mortgage Charter which came into effect in July 2023 states that Mr D can lock in a new deal up to six months ahead. If rates fall, the Charter allows customers to request a better like-for-like deal with their lender right up until the date their new product starts, if one is available. If Mr D wants advice about available mortgage products, he should speak to NatWest, or to his own independent financial adviser.

My final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 28 November 2023.

Jan O'Leary

Ombudsman