

The complaint

Mr and Mrs M complain about the service and conflicting information they got from National Westminster Bank Plc when they enquired about additional borrowing on their mortgage.

What happened

Mr and Mrs M have a mortgage with NatWest and a mortgage product whose term was ending at the end of November 2022. Mr M contacted a NatWest adviser in advance of this happening to enquire about a new product and about borrowing £15,000.00 for home improvements. Mr M had lost his previous job in May and started a new job in August and was concerned about not being able to show a six-month employment history and enquired when he could apply for the additional borrowing. On two occasions Mr M was told that four months of pay slips would be sufficient and so believed that he could apply for the additional borrowing after 1 December. However, when he did make contact again in early December he was told that NatWest's policy was to require a six-month history of payslips. Mr M had other problems contacting NatWest at the time and was unhappy with the demeanour and dress of the adviser who spoke to him in December.

NatWest apologised for the upset and inconvenience caused and offered compensation of £250. Our investigator felt that this level of compensation was appropriate. Mr and Mrs M disagreed saying that NatWest was not taking the complaint seriously and they were never made aware as to why they were misinformed by the initial mortgage adviser about NatWest's lending criteria.

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.

I've read the file and am sorry to hear of Mrs M's illness and I'm glad to hear the loan application has now progressed. Like our investigator I accept that Mr M was misinformed about the length of time he would have to be in his new employment before he could apply for the additional borrowing. I understand NatWest's position is that they have a filtering process, and this isn't unusual, whereby there is an initial discussion to determine whether the mortgage is affordable. If an adviser considers that it is affordable, the application moves along the process. That adviser isn't determining the application and will have a very limited brief. I accept those advisers may not be familiar with NatWest's other lending criteria - as they have only a limited role - including the length of time that an applicant is in employment before they can apply for further borrowing. The problem with carving up the process between advisers is that it leaves room for misunderstanding particularly if an adviser answers a question about a part of the policy they are unfamiliar with. That's what I believe happened here. The result was that Mr M was misinformed about when he could apply for the additional borrowing and was disappointed to learn in December to learn that they would have to wait some further months. I believe that this would have been particularly disappointing as Mr and Mrs M were hoping for a positive outcome before Christmas as a boost for Mrs M.

That said, I believe that NatWest followed its policy correctly in respect of the employment criteria and the number of payslips it required. But I accept that Mr M was misinformed in August and to that extent I uphold this complaint. Mr and Mrs M are entitled to compensation for their distress and inconvenience. I accept that their hopes were built up and then dashed but a few months later they got the additional loan. So, I'm of the view that compensation of £250 is appropriate for their distress and inconvenience. I note that NatWest has already offered that sum although, as Mr and Mrs M were dissatisfied with NatWest's investigation I'm not entirely clear from the file whether it has been paid. If it hasn't been paid I'll require NatWest to now pay it.

My final decision

National Westminster Bank Plc has already made an offer to pay Mr and Mrs M £250 and I think that this offer is fair in the circumstances. My decision is that if the bank hasn't already paid that to Mr and Mrs M it should do so.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs M and Mr M to accept or reject my decision before 27 September 2023.

Gerard McManus
Ombudsman