

## **The complaint**

Mr J's complaint about National Westminster Bank Plc (NatWest) relates to his application for a re-mortgage which was ultimately rejected. He believes NatWest should honour promises it made that he would be able to obtain a re-mortgage at the rate he originally applied for following the loss of his initial application.

## **What happened**

In June 2022, Mr J applied to NatWest for a £460,000 re-mortgage against a property stated to be valued at £768,000. A mistake in NatWest's online system meant the application did not proceed which NatWest accepted was their error, and for which it compensated Mr J. This does not form part of this complaint.

NatWest told Mr J he would need to make a fresh application in August, which he did. Mr J says that NatWest told him it would honour the rates that were available at the time of his first application in June, since interest rates had since gone up.

A property valuation was carried out and the surveyor valued the property at £670,000 which meant the loan to value ratio was 69%. This was effectively a down valuation.

NatWest initially told Mr J that his mortgage had been approved but then later corrected that by telling him the property had been devalued meaning it could not offer him an interest rate in the lower tier. Further, as the valuation difference was more than 5%, NatWest told Mr J he would need to make a new application if he still wished to re-mortgage.

NatWest have said that it didn't say it would honour the rates available in June 2022. It said that because of the valuation coming in at £670,000 the only rates available to Mr J were in the higher tier. It did however accept that there had been some confusion over the notification of the valuation and so paid Mr J £100 in compensation for that error.

Mr J was unhappy with NatWest's final response and so approached this service to see if we could assist in resolving the dispute. Our investigator thought that although there had been poor service, the amount of compensation NatWest had paid was enough to put things right. Mr J didn't agree and asked for the complaint to be passed to an Ombudsman for a final decision.

## **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.

My summary of what happened is brief and I know the parties went into a lot more detail. I'm going to focus on what I think are the key issues. Our rules allow me to do this, and it reflects the nature of our service as an informal alternative to the courts. So, if there's something I've not mentioned, it isn't because I've ignored it, it's because I don't need to comment on every

individual argument to be able to reach what I think is the right outcome. I've taken account of both sides' views and I've looked at the issues raised and considered all the available evidence.

The issue here appears to be whether NatWest should be held to the promise Mr J says it made to him regarding the lower rates of interest. I can find no evidence that NatWest did indeed agree to that, but assuming for the moment that it did, that was a promise made before the property was down valued. As NatWest used a panel of surveyors, and in this instance used a qualified and registered surveyor with the Royal Institution of Chartered Surveyors I can't say the valuation was wrong.

The effect of the down valuation places Mr J's property in an entirely different and higher interest tier and had matters initially proceeded to a conclusion without hiccup, then Mr J would have not been able to avail himself of the interest rates in the lower tier anyway because of this down valuation. The variation would have still been more than 5% and he would have had to re-apply.

I cannot therefore say that it would be fair to ask NatWest to hold to that promise, even if it accepts it made it, which it doesn't. But there is no evidence which supports Mr J's contentions, and so I cannot say NatWest has agreed to give Mr J an interest rate that was available in June 2022.

NatWest has accepted that Mr J was advised the valuation had been accepted but that this was due to an administration error. It recognises that to be a failure in service and has paid him compensation of £100.

When Mr J's application was rejected he was advised to re-apply but there is no evidence that he did, and neither is there any evidence that he made an application to another lender. I understand his reasoning to be that he felt NatWest should honour the promise he says it made. Having not made an application to another lender there is no evidence to say that his application would have been accepted by them or that he would have obtained a lower fixed rate, since each lender has differing lending criteria.

NatWest has accepted that it didn't get things right and because of that it compensated Mr J with £100. As Mr J didn't think that was enough to put matters right, I've given this some further thought, and I think what NatWest paid is fair and reasonable.

So, although Mr J will probably be disappointed with my decision, and whilst NatWest have indeed made errors, I can't say NatWest has subsequently acted unfairly or unreasonably here and I'm not upholding this complaint.

### **My final decision**

National Westminster Bank Plc has already paid Mr J £100 to settle this complaint, and I think that is fair and reasonable. So, my final decision is that I don't require it to do anything else.

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

Jonathan Willis  
**Ombudsman**