

The complaint

Mr F complains that the fixed interest rate deal he chose with National Westminster Bank Plc was never applied to his mortgage. He said NatWest told him something had gone wrong, and encouraged him to complain, but then refused to sort things out for him.

What happened

Mr F told us that on 4 August 2022 he applied for a new 2 year fixed interest rate on his mortgage with NatWest. He said he got an email telling him the rate was secured and more documentation would follow by email. He said he expected this to be delayed, because of COVID and staffing issues.

Mr F said that the next thing he got from NatWest was a letter dated 7 October, saying he hadn't signed the mortgage offer documents he'd been sent, so he'd lost the offer. Mr F said he tried to log in to the portal then, but found he had to setup a new online account. When he did this, there was no sign of his mortgage application online.

Mr F told us he decided to contact NatWest, and literally as he was typing a complaint into the web form he got a phone call from a NatWest advisor. Mr F told us the adviser had explained that an error had been made during a major system upgrade, that he had a strong case and should log a complaint.

Mr F said when he finally received a response to his complaint, he was told there had been an IT systems error, but the offer had been re-issued and two email notifications were sent to him. Mr F said he'd re-checked but these emails had simply never been received. He said he'd asked for copies of these documents, but never received those either.

Mr F wanted the deal he was offered, at 3.54%, reinstated, and excess interest he had paid refunded. He was paying over 6%, which he said had impacted on his enjoyment of the Christmas period. And he said it was very stressful to have to try to take on a large powerful organisation. He wanted compensation, and to know this wouldn't happen to anyone else.

NatWest didn't think it had done anything wrong. It accepted Mr F's initial application, on 4 August, had been incorrectly cancelled, but said this was rekeyed the same day. NatWest said it issued paperwork by email for Mr F to sign on 5 August, then again on 14 September. But he didn't reply to either of these emails, so his application expired in October.

NatWest said that the issues Mr F mentioned about his online banking didn't affect the mortgage application he had made. And it said Mr F would have to apply online again.

Mr F said NatWest had told us it had issued documents electronically, but he said document metadata didn't prove when a document was issued. This data can be edited. He also said that this had all been dragged out by NatWest initially calling him to say he had a strong case for a complaint and even offering to help log the complaint. But he said NatWest then took months to review the situation before saying it wouldn't do anything. And Mr F said that during this time, interest rates were rising month on month at an unprecedented rate.

Our investigator didn't think this complaint should be upheld. She said NatWest accepted it had initially made an error in cancelling Mr F's application. She didn't think the problems Mr F later had with his online banking were related to this. And she did think the error in cancelling Mr F's application was quickly put right. She thought that acceptance documents for the mortgage were then sent to Mr F. He didn't reply, so the offer expired.

Our investigator noted Mr F said these documents weren't received, and could have been altered or fabricated. But our investigator said NatWest is required to provide this service with true and accurate information. She wasn't persuaded NatWest did anything wrong.

Mr F replied to disagree. He maintained that no documents were received, and remained very firmly of the view that nothing was sent. He sent us the emails he said he did receive.

Mr F repeated that while he was logging a complaint to NatWest on its website he was intercepted in real time by a call from NatWest offering to take the complaint over the phone. Mr F said the agent told him he had a strong case because of the IT issues NatWest had at the time. Mr F hadn't got a transcript of this call, and he assumed we hadn't listened to it.

Mr F repeated that he'd never been sent the documents he asked for, to show this offer had been issued. His attempts to escalate the complaint within NatWest had been ignored.

Our investigator didn't change her mind. She still thought the documents had been sent. And even if they hadn't been sent, Mr F had now shown us he received an email telling him he would get documents within three working days, that he would need to read and sign before the new interest rate could be applied. Then he got a follow-up email, explaining the documents might take up to ten working days to reach him, and would need to be signed to confirm the new rate. So she said, at the very least, if Mr F didn't get the documents he was expecting, he did know his rate switch would not complete until an offer was signed. So she said he could have contacted NatWest before October, to ask where these documents were.

Mr F said he'd sent us proof that the offer couldn't have been sent on 5 August. He thought we should require NatWest to prove it had sent documents. And Mr F told us more about the effect this was having on him, and why he felt it was important this should be resolved.

A third party also wrote in support of Mr F. As well as reiterating the points Mr F had made, he also said the documentation should have been issued to Mr F by post too. And he said Mr F now had fewer borrowing options from NatWest, because of the delay caused. The third party said NatWest hadn't tried to help Mr F, and he may now have to sell his home.

This case then came to me for a final decision. And I then reached my provisional decision on this case.

My provisional decision

I issued a provisional decision on this complaint and explained why I proposed to uphold it in part. This is what I said then:

I think it may help if I set out my conclusions here, then explain why I've reached them.

On balance, I don't think it's most likely that NatWest failed to issue documents Mr F needed to sign, to take up his mortgage offer. And I note that if these documents weren't received, I would still have expected Mr F to contact NatWest to pursue this before 10 October 2022. So even if Mr F didn't get this documentation, I would not say it was fair and reasonable here to require NatWest to offer Mr F the rates that NatWest had available on 4 August 2022.

But I do think something went wrong here, after this. I have listened to the calls Mr F had with NatWest, when he realised the offer hadn't been put on his mortgage. And, whilst I don't think these are quite as Mr F recalls, I do think NatWest failed to pass on a key message to Mr F – that he needed to reapply for a new mortgage interest rate – and instead encouraged him to think this complaint would be upheld. I think NatWest made a mistake when it did that, and because it did this, I think it should offer Mr F now the rates he could have obtained on the date of this call, 13 October 2022, for his mortgage.

I'll now explain how I've reached those views.

I know Mr F doesn't believe NatWest ever issued the offer documentation for his mortgage. Unfortunately, I don't think any of the things Mr F has sent us do prove this, although I'm aware it would be very difficult for him to prove NatWest didn't email him.

Mr F has shown us an email from NatWest saying his documentation could be delayed, and might take up to ten working days. But it's not unusual for a bank to warn customers of possible delays, even when that customer isn't going to be affected by this delay. So I can't assume this email means his documents weren't sent on 5 August, as NatWest has said.

I haven't been able to see that NatWest accepted the problems Mr F later had with his online banking were related to this issue. I don't think NatWest has ever accepted there was a problem wider than the accidental deletion of Mr F's remortgage application, which it says it put right the day after his application. And NatWest has shown our service Mr F's mortgage offer documentation, which it says was sent to him.

I think it's important to note that all the evidence I've seen from NatWest, including internal notes of investigations, is consistent with what NatWest says now, that the documentation was sent. The only thing that isn't consistent with this, in my view, is what was later said on the phone to Mr F. I'll return to that issue. But, for the moment, considering the evidence we have, and notwithstanding Mr F's clear conviction that these emails weren't received, I think it's more likely than not that they were sent.

For completeness, I note that Mr F requested documents be sent by email. I don't think NatWest also had to send these documents by post.

I also considered what would be fair in the circumstances of this case, if the documentation hadn't been sent and safely received by Mr F. I can see Mr F told our service when he complained that he'd assumed his offer would be delayed, because of COVID and staffing issues. But he later sent our service two emails he did receive, which state that he should receive his offer documentation shortly.

Mr F didn't get documentation within the timescales set out in these emails. And the emails told him that he needed to sign that documentation before his new mortgage rate would take effect. Mr F took no action on this until over two months later. So I don't think it would be fair and reasonable in the circumstances of this case, to require NatWest to offer him now the rate he chose on 4 August 2022.

But I do think NatWest responded unhelpfully to Mr F's complaint. I listened to two calls where Mr F discussed this issue with NatWest.

Mr F rang NatWest on 10 October. He said then that he'd redone his mortgage at the beginning of August, had confirmation through and thought everything was fine, but then he'd got a letter that morning, which said he was on a variable rate.

NatWest's agent said he could see Mr F did his application on 4 August, something then happened on the online process, and Mr F's application had been declined on 5 August. But then the system said that documents were being generated for a digital sign-up process. So the agent said if Mr F was saying no documents were ever received, NatWest would need to investigate.

The internal notes which were provided to this agent, after NatWest investigated, say this –

"As per notes there was an error with the online application so it was lapsed and rekeyed manually. It was then issued via adobe for electronic signing. It was issued on the 5th August and then again on the 14th September neither of which were signed. All the notes confirm this so customer should have been advised on the call that he would have to reapply online."

The agent then called Mr F back, to tell him about this outcome. I know Mr F said he'd got this call while completing an online complaint form, but I think that was just a coincidence.

On this call, I can hear NatWest's agent told Mr F the results of the investigation, but the agent said he wasn't happy with this outcome. So I think it's fair to say Mr F was, as he said, encouraged to put in a complaint. I don't think Mr F was advised by the agent to reapply. The agent seems to have entirely accepted Mr F didn't get emails which NatWest's investigation said were sent. The call ended with the agent apologising to Mr F, and telling him that it appeared NatWest's computer hadn't been able to contact him, and then NatWest had just sent a letter to say no. The agent said there had been an error on Mr F's application.

I think this is where things went wrong. Having listened to this call, I can understand why Mr F expected his complaint to be upheld. I think NatWest's agent should have told Mr F on this second call that, whilst there had been an error with the application, NatWest was confident that the relevant documentation had been issued, twice, and Mr F hadn't signed it. I don't think Mr F should have been encouraged to think things would change, at this stage. He should, as the internal notes suggested, have been told he'd need to secure a new rate now.

I think it's likely that Mr F would still have pursued this complaint, if he'd been properly advised on this call on 13 October 2022. But I think it's also likely he'd have gone online to secure a rate then, in case of further rises. And I think he didn't do that, because of the content of this second call.

For those reasons, I think NatWest should now offer Mr F the fixed interest rate mortgage products that would have been available to him at the date of this call, 13 October 2022. It should offer Mr F both two year and five year fixed rates, as I can hear on this call that Mr C said he had chosen a two year rate in August, but would probably now choose a five year fix, if he had the option to do so. Mr F can decide whether to accept an offer at these rates.

If Mr F does accept this offer, then NatWest must rework his mortgage, so that it was applied on or before 20 October 2022. And it must repay to Mr F any overpayments he's made, based on the new rate. NatWest should pay 8% simple interest on any such overpayments, from the date Mr F made each payment to the date this refund is made to Mr F.

Regardless of whether Mr F does choose a new mortgage based on rates from 13 October 2022, I think NatWest has caused some upset in this case, and has unnecessarily prolonged matters for Mr F, with its handling of the call on 13 October. So I think it should also pay Mr F £150 in compensation.

I should stress that this decision is provisional, and may change, particularly in response to any further information or argument received from either side. But on what I've seen to date, this is what I currently think would provide a fair and reasonable outcome to this complaint.

I invited the parties to make any final points, if they wanted, before issuing my final decision. Both sides replied.

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.

NatWest said it was minded to agree with my suggested resolution. It said it could see that its system recorded emails were sent to Mr F (and it showed our service a screenshot of this record). But it wouldn't be able to show that Mr F had received these.

NatWest sent our service the rates it had available on the date I suggested. It said it had:

- a two year fixed rate at 5.64%, with a £995 product fee,
- a two-year fixed rate at 5.89%, with no fee,
- a five year fixed rate at 5.24%, with a £995 product fee,
- a two-year fixed rate at 5.49%, with no fee.

NatWest said Mr F had recently taken out a two-year fixed rate at 6.24%. He had also agreed a six month switch to interest only, in line with its arrangements for cost of living support.

I note NatWest's reply, which helpfully sets out the rates Mr F could ask it to apply if he accepts my decision, and any fee it may charge for doing so. I think it would suffice to note here that I wouldn't expect any change to Mr F's mortgage rate as a result of this deal to affect the cost of living support that NatWest has separately agreed with Mr F.

Mr F replied to disagree. As Mr F made a number of points in his reply, I'll deal with each of those in turn.

Mr F said his main concern was that my provisional decision rested on him being unable to prove he didn't receive the two emails confirming NatWest's offer. Mr F said that unfairly put

him in a position where it was impossible for him to prove his case, and therefore achieve a fair outcome.

Mr F said he and his advisors were firmly of the opinion that this provisional decision should only have been reached if NatWest had produced (and shared with him) not only copies of the emails it claims to have sent, but also the server logs which prove this to be the case, and the email headers (meta data) which show those emails were correctly programmed to get through commonly used, first line of defence, spam filters. Mr F said his professional background meant he thought this was a reasonable and feasible request.

I noted the difficulty for Mr F in showing he didn't receive emails, in my provisional decision above. But I went on to explain that I hadn't reached this decision solely because I thought it was most likely that the mortgage offer documents were sent.

I explained that even if the documentation hadn't been sent and safely received by Mr F, I still wouldn't have thought it was fair and reasonable to require NatWest to provide Mr F the resolution he's seeking. That's because Mr F did receive two emails saying he'd get his offer documentation shortly. And he didn't then get offer documentation in the timescales set out. But he didn't query this with NatWest until some time later. So I don't think it would be fair and reasonable in the circumstances of this case, to require NatWest to offer him now the rate he chose on 4 August 2022.

Mr F said one of the reasons why he felt that additional proof from NatWest was so important was because the deal I had suggested was based on 13 October 2022, when fixed rates were even worse than most deals available today. So he thought what I'd offered was no help.

NatWest has told us that Mr F has since taken up an offer which is at a higher interest rate than my award in this case would require it to offer Mr F. So I hope Mr F will consider further whether this award would assist.

Mr F said NatWest had since changed its procedure, and no longer requires any response to mortgage offer confirmation emails.

I understand that NatWest's application process has now changed. But I don't think that means the old process is automatically unfair or unreasonable, so that NatWest should now be obliged to offer Mr F the deals it had available around a year ago.

Mr F said that I hadn't allowed for the cost to him of the time he'd spent compiling evidence and emails to fight his case. He told us about his work, and said the future impact on his business may be sizeable. He also said that this case had affected his ability to organise his finances, and affected his trust in NatWest. He also said there were now fewer options available to him. And he told us this had all been stressful, causing him sleepless nights.

I've sought to consider, in my provisional decision, the impact on Mr F of this complaint. I appreciate all that he says about the impact on him personally, and also that he thinks the time this has taken will be likely to have a significant impact on his business in future. But I also have to take account of how far it's reasonable to ask NatWest to pay compensation. And here, I've explained firstly that I haven't been able to see that it's most likely NatWest did actually make a mistake. And also, more importantly, I thought the problems which arose here could have been avoided if Mr F had checked with NatWest earlier, to find out why he hadn't seen the emails it had told him it would send. With that in mind, I do still think the compensation payment I suggested in this case provides a fair and reasonable outcome to this complaint.

Mr F said his email to the NatWest CEO's office was never even acknowledged. He thought that should have been investigated and appropriate action taken.

Mr F emailed NatWest's CEO after he'd received NatWest's final response letter, which replied to his complaint. This letter set out for Mr F that he could bring his complaint to our service, and signposted him to guidance on how to do this. Banks won't always continue to correspond with complainants after a letter like this has been sent. And it can sometimes be unhelpful if correspondence directly between the bank and the complainant overlaps with a complaint being considered by our service. With that in mind, I don't think that NatWest had to continue to reply to correspondence from Mr F about his complaint, after it had issued a final response letter in response to his complaint. And I don't think it was unfair or unreasonable for NatWest not to do so.

Mr F said it was deeply concerning that evidenced and multiple IT, process and covenant breaches by NatWest had not been formally acknowledged, and therefore addressed.

It's not clear to me what IT, process and covenant breaches Mr F is referring to here. I do think I've commented on the issues raised as part of Mr F's individual complaint, although I know he hasn't agreed with my conclusions here. I haven't been able to see that other concerns about IT issues with this business are relevant to Mr F's complaint.

Mr F closed by saying that he hoped I would change my mind. I'm sorry to have to tell him that, for the reasons set out above, I still think that the award I proposed in my provisional decision remains a fair and reasonable outcome to this complaint. So I'll now make the decision I originally proposed.

My final decision

My final decision is that National Westminster Bank Plc must offer Mr F the two and five year fixed interest mortgage products that would have been available to him on 13 October 2022.

If Mr F accepts this offer, then National Westminster Bank Plc must rework his mortgage, so that the new rate was applied on or before 20 October 2022. And it must repay to Mr F any overpayments he's made, based on the new rate.

National Westminster Bank Plc should pay 8% simple interest on any such overpayments, from the date Mr F made each payment to the date this refund is made to Mr F.

HM Revenue and Customs requires National Westminster Bank Plc to take off tax from this interest. National Westminster Bank Plc must give Mr F a certificate showing how much tax it's taken off if he asks for one.

National Westminster Bank Plc must also pay Mr F £150 in compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr F to accept or reject my decision before 11 September 2023.

Esther Absalom-Gough

Ombudsman