

## **The complaint**

This complaint's about a request that Mr and Mrs L made to National Westminster Bank Plc (NatWest) in 2022 for a new interest rate product on the further advance component of their mortgage. It was refused because the account balance is below Natwest's minimum threshold of £10,000. They're unhappy that they weren't told about this, either when they took out the further advance in 2017, or when they renewed the rate on their main advance in 2021.

## **What happened**

The broad circumstances of this complaint are known to Mr and Mrs L and NatWest. I'm also aware that the investigator issued a response to the complaint, which has been shared with all parties, and so I don't need to repeat the details here.

Our decisions are published, and it's important that I don't include any information that might result in Mr and Mrs L being identified. Instead I'll give a brief summary of the key events, and then focus on giving the reasons for my decision. If I don't mention something, it won't be because I've ignored it. It'll be because I didn't think it was material to the outcome of the complaint.

Mr and Mrs L took out the further advance in 2017, with advice from NatWest. They borrowed just over £10,000, on capital repayment, with a five-year fixed rate deal that would expire in 2022. At this point, their main mortgage was already on a separate fixed rate that was due to expire in 2021.

When they renewed the rate on the main mortgage in 2021, NatWest offered them the choice of doing so on an advised on non-advised basis. They chose the latter. When they came to renew the rate on the further advance in 2022, NatWest told them they couldn't because the account balance (as distinct from the aggregate balance of both) was below its minimum threshold of £10,000.

Mr and Mrs L think this is unfair; they believe should have been told about this, either in 2017 or in 2021. Our investigator didn't think NatWest had done anything wrong; Mr and Mrs L asked for the case to be reviewed by an ombudsman.

## **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've reached a similar conclusion to the investigator; I'll set out my reasons for this.

First of all, the instigation of a minimum balance threshold is a commercial decision for NatWest to make as part of its broader lending criteria. Lenders' criteria, and changes to them, are commercially sensitive and generally kept confidential. I'd only expect a lender to

tell a customer about a particular part of its criteria if and where it is relevant to a transaction being carried out.

The further advance was provided in 2017 on an advised basis. However, NatWest couldn't advise Mr and Mrs L about the £10,000 threshold or its potential implications for them at that time, because it didn't exist at that level in 2017. There was a threshold, but it was at a much higher level, so much so that there'd have been no reason for NatWest to mention it. It would have had no relevance to, or bearing on, the suitability of the further advance at the time.

The £10,000 threshold was in place when the interest rate product was renewed on the main mortgage in 2021. If that transaction had taken place on an advised basis, then it's reasonable to expect NatWest to have mentioned it, so that Mr and Mrs L could decide how best to proceed. But Mr and Mrs L elected to apply for the new rate on a non-advised basis. Where that's the case, I don't expect a lender to volunteer unsolicited advice.

Mr and Mrs L choose to proceed with the 2021 product switch on a non-advised basis. That was their right; I imply no criticism of them, and none should be inferred. But insofar as it was their choice, they must accept the consequences of that choice in relation to the later impact on their wish to have a new interest rate product on the further advance. Those consequences are undoubtedly unwelcome to Mr and Mrs L, but whilst unfortunate they're not unfair, which is the test I have to apply.

### **My final decision**

I don't uphold this complaint. My final decision concludes this service's consideration of this complaint, which means I'll not be engaging in any further consideration or discussion of the merits of it.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr and Mrs L to accept or reject my decision before 19 September 2023.

Jeff Parrington  
**Ombudsman**