

## **The complaint**

Ms D complains about what happened when she asked National Westminster Bank Plc for a Buy To Let ("BTL") mortgage for a property purchase. She said she wasn't warned interest rates may change, and was denied an earlier appointment as the online system didn't work.

## **What happened**

Ms D told us she wanted to purchase a BTL property. She had an offer accepted, and wanted to take up a five year fixed rate mortgage with an interest of 2.59% which was then being offered by NatWest. Ms D said she started her application through a broker, but wasn't happy with them and wanted to apply directly to NatWest.

Ms D said she tried to apply online, but that wasn't successful. So she called NatWest. She said she was told she needed to arrange a meeting to go through the application process. Ms D said she was sure NatWest would have a recording of this call. And she said on that call, she was told she could have an earlier appointment if she went through the application process on the website, but that simply didn't work. She said she was also told NatWest would call if an earlier appointment became available, but it didn't call about this.

Ms D said the call handler made a mistake with her email, so she didn't get the agreement in principle until she chased up NatWest for that.

Ms D said she'd understood the mortgage rate she was applying for, and got an agreement in principle for, was the rate she would get. She said NatWest didn't mention rates could change. But when Ms D spoke to the mortgage advisor, she discovered the rate had changed, and she could no longer afford the purchase.

Ms D was very unhappy with the service NatWest provided. In particular, she wanted to know why she hadn't been told that the rate she wanted wasn't guaranteed. And she wanted to know why all her attempts to go through the application process online had failed. She said there was clearly a problem with NatWest's online portal.

Ms D also said the mortgage advisor claimed to be extremely busy, but when she wanted to think about things, he said he would be available to take her call pretty much any time. She thought this meant an earlier appointment could have been provided.

As a resolution to her complaint, Ms D wanted NatWest to offer her the mortgage she'd applied for, and to hold this rate for her for the next five years, so she could use that either for another purchase, or to remortgage her own home.

NatWest said if the online portal doesn't work for someone, that usually means they need to speak to a mortgage advisor before it can approve lending to them. It didn't think there was anything wrong with its online mortgage application service on the day Ms D had called. NatWest said it didn't offer earlier advisor appointments to people who applied online. Its online system just processes non-advised applications, and moves these to the offer stage if they were approved, which Ms D unfortunately wasn't.

NatWest said it was sorry about the long wait for an appointment. It said it was working to reduce that waiting time, and it had offered Ms D the first available appointment.

NatWest said its rates are subject to change, and it cannot hold a rate until a mortgage appointment takes place. So it wouldn't honour the rate Ms D had first discussed with NatWest. It explained the scheduling of its advisor's time, which Ms D had queried.

NatWest said it was sorry it had got Ms D's email address wrong, and noted her down as an existing customer, so she'd had to get back in touch. NatWest wanted to send her some flowers to say sorry for this.

Our investigator thought this complaint should be upheld, but not that NatWest needed to offer Ms D a mortgage now. He said NatWest made two mistakes, in recording Ms D's email address, and in saying she was an existing customer when she wasn't. He felt those caused inconvenience to Ms D, and NatWest should pay £80 for that. But he said he'd seen no evidence that NatWest had ever suggested the rate Ms D saw initially was reserved for her. And he wouldn't expect that to be the case at this stage. He didn't think NatWest was just trying to charge Ms D a higher rate.

Ms D didn't agree. She said the core of her complaint was NatWest didn't tell her the rate wasn't locked in. She asked why NatWest would agree to lend if the rate would then change? She might not be eligible if it did. Ms D wanted to know where it says that an agreement in principle doesn't lock in a rate.

And she said the online portal, which she thought would have allowed her to access an agreement in principle (and through this, earlier appointments with the mortgage advisor) repeatedly declined her application. Ms D said we hadn't even addressed that.

Ms D wanted her complaint to be considered by an ombudsman, so it was passed 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 only proposed to uphold it in part. This is what I said then:

Before I address the core issues in Ms D's complaint, I'd like to set out that I agree with our investigator that Ms D faced inconvenience because her email address and customer status were both wrongly recorded. I think a payment of £80, which NatWest has agreed to make, would provide a fair and reasonable outcome to that part of Ms D's complaint.

I'll now turn to the core issues. I note that when Ms D complained, she said she thought her calls with NatWest would have been recorded. They were, and I have now listened to the calls she made on 16 June, the day when she first enquired about a mortgage and got an appointment with a mortgage advisor, and on 13 July, when she had that appointment.

It may be worth setting out here that a mortgage application is a two stage process. There's an initial light-touch check on whether the lender might be prepared to lend, and if so, how much. That's often referred to as either a decision in principle or mortgage in principle. It's not an offer to lend, it's not binding on the lender, and it doesn't guarantee a rate. That's usually explained on the in principle decision document.

After this, there's a formal application, to see if the lender will make an offer. At this stage, the lender will often ask to see documents, like payslips or bank statements. Rates may be locked in at the application stage, but that depends on the lender. If an offer is made as a result of the application, the rate then offered would then be guaranteed, subject to the conditions on the offer itself.

I'll now turn to the call recordings. Ms D made two calls to NatWest on 16 June. At the start of the first call, she said she had seen a mortgage product she wanted on the website, and wanted to know how to secure that. Ms D said then that she hadn't submitted any online application, she hadn't done anything at this stage.

At the start of the call, NatWest's call agent started to take some details from Ms D, and she said she wanted the rate of 2.74% fixed for five years. The agent replied "*..the rates are subject to change which they can go up and down until you submit the application. The mortgage advisor will discuss the rates if you want further advice.*"

So I think Ms D was warned at the outset that any rate she could see online now wasn't necessarily the rate she would get at the time of her application.

The agent then said Ms D had two options for making her application for a BTL mortgage. He said she could apply online, or have an appointment with a mortgage advisor. Ms D said she would prefer to apply online. I can't hear on this call that Ms D was told that she could get a mortgage appointment any quicker if she started the application online. At the end of this call, Ms D was intending to carry out the whole application process online, without any discussion with a NatWest mortgage advisor.

There's then a second call, on the same day. On that call, Ms D said she'd tried to do a mortgage application online and it declined. But on this call, she told the agent she'd previously been sent an agreement in principle through a broker, and it was for the same mortgage. (Ms D said she'd just decided not to work with that broker, as they weren't very efficient.) So she wasn't clear why her direct application to NatWest had been declined.

The agent offered to carry out the same initial decision in principle stage for Ms D over the phone, and Ms D agreed. The agent also said her decision in principle process, over the phone, would be a bit simpler than the online application. Before the agent asked Ms D questions, she read out some standard wording. That included an explanation that what Ms D was doing, at that stage, wasn't the actual application for credit. Relevant details were then taken from Ms D. (I have noted above that some of these weren't accurately recorded.)

The agent told Ms D that the mortgage was agreed, subject to an application. She was then asked if she was ready to speak to a mortgage advisor. The agent checked the offer Ms D had made on the property was accepted, and she arranged the appointment.

When Ms D expressed disappointment at how long it would take to get an appointment, the agent said Ms D could try again online, to secure an offer that way. The agent suggested Ms D may have input something incorrectly, as the details she'd given hadn't been declined through the phone application.

The agent did ask Ms D to call back, and cancel the appointment if she managed to complete her application online, so she wouldn't need the appointment after all. But I can't hear on this second call that the agent suggested she would call Ms D if an earlier appointment opened up. Nor can I hear that she suggested Ms D might get an earlier appointment using the online application.

NatWest has confirmed that its online application system only allows for non-advised applications. So it does mean applicants don't have to wait for an appointment with a mortgage advisor, if their online application is successful. But the online system doesn't do what Ms D had apparently understood it would do – to supply an agreement in principle and bump customers up the queue for mortgage appointments with an advisor.

I understand Ms D has a different recollection of the conversations she had on this day. I will arrange for these calls to be sent to Ms D, so she can hear the recordings before replying to my provisional decision.

The second agent Ms D spoke to, said she would email the mortgage agreement in principle once the call was finished. I understand the agent had wrongly recorded Ms D's email, Ms D told us she had to ring back to get this. So it does seem likely that Ms D received a second decision in principle, directly from NatWest. And what she said on the second call makes me think she had also received a first decision in principle, through her application with a broker.

I don't have the exact documents Ms D was sent, but I would expect a mortgage decision in principle document to explain that it's not a binding offer, and that any rate quoted had a limited validity period. So that would confirm what Ms D had also been told on the phone, she wouldn't necessarily be able to secure the rate she'd discussed.

I don't know why Ms D wasn't able to apply successfully online. It's possible that this was because she had previously started an application with a broker, but I can't be sure. I do know NatWest has confirmed it didn't have any general problems with the online portal at that time, and I haven't seen anything to make me think that's not right.

I've also listened to the call where Ms D spoke to a mortgage advisor, and was told about the available rate towards the end of her call. She said then that rates had gone up a lot since she first enquired. The advisor said he was sorry, but rates were subject to change at any time. NatWest can't hold rates before an appointment took place, and there had been underlying changes in the economy.

The advisor told Ms D that the potential for changes in rates wasn't explained by an agent when someone just books an appointment with a mortgage advisor. But when he said that, he hadn't listened to the relevant call recordings. I have, and I'm satisfied that Ms D was warned about that, on the first call she had on 16 June.

Ms D said she wanted to think about things, and the advisor said there could be a long wait for any subsequent appointment. But after some discussion with Ms D, he did say he would squeeze Ms D in for a short discussion if she decided to go ahead. He offered to stay late at work for her, so he could do that. I don't think this call is evidence that NatWest's mortgage advisors' time is poorly organised, or that Ms D's mortgage advisor appointment could have been arranged sooner than it was.

I know Ms D has been very disappointed with her mortgage application, and that she wasn't able to go ahead with her purchase. I'm sorry to hear that, but I don't think that's NatWest's fault. So, although I know she will be disappointed, I don't currently think that NatWest has to pay more than the £80 it has agreed to.

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

NatWest replied to accept my provisional decision. Ms D hasn't replied.

Neither side has offered any further evidence or argument, and I haven't changed my mind. I'll now make the decision I originally proposed.

**My final decision**

My final decision is that National Westminster Bank Plc must pay Ms D £80 in compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms D to accept or reject my decision before 18 December 2023.

Esther Absalom-Gough  
**Ombudsman**