



complaint

Mr B complains that the five year fixed rate product he was advised to take out is too expensive. He says that National Westminster Bank Plc ("NatWest") should have 'forecast' what interest rates would be in the future, and have advised him accordingly.

background

NatWest recommended a five year fixed rate mortgage product to Mr B in 2009. Mr B says the bank should have 'forecast' that interest rates would fall and should have recommended a two year fixed rate product, and then a 'variable tracker rate' product when the two year fixed rate ended. He says that, had this been recommended, instead of a five year fixed rate product, he would have made significant savings. As such, he wants NatWest to pay him the £5,000 he has calculated he could have saved and allow him to change to a tracker rate mortgage product without any penalty.

Our adjudicator did not recommend that the complaint should be upheld. She said that NatWest could not be expected to have forecast what would happen to interest rates in the future. She also said that the mortgage offer that Mr B accepted clearly set out that the product was fixed at 5.49% for five years – if Mr B was not happy with the interest rate he was free not to have proceeded with the mortgage offer.

Mr B did not accept the adjudicator's view and said he strongly believes that he is paying too much interest due to the poor advice he was given by NatWest, and that the adviser should have recommended a two year fixed rate.

my findings

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint.

I appreciate the points that Mr B has made and I agree that, with the benefit of hind-sight, a two year fixed rate followed by a tracker rate product may well have been cheaper.

However, just because a mortgage product is not the cheapest available, does not necessarily mean that the product recommended was unsuitable, or that a cheaper product should have been recommended. Likewise, I cannot reasonably agree that NatWest could have been expected to have predicted, with any accuracy, what would happen to interest rates.

If, at the time he took out the mortgage Mr B felt that a two year fixed rate was more suitable for his personal and financial circumstances he was free to have rejected the recommendation made and to have taken out a two year fixed rate product.

With regard to the early repayment charge (ERC), I am satisfied that the ERC was clearly set out in the mortgage offer that Mr B accepted and I cannot require NatWest to waive the ERC if Mr B decides to redeem his mortgage before the end of the fixed rate period.

my final decision

My final decision is that I do not uphold this complaint.

Suzannah Stuart
ombudsman