

The complaint

Mr S complains that Nationwide Building Society has recorded incorrect information about his mortgage.

What happened

Mr S has an interest only mortgage taken out through the Mortgage Works. The Mortgage Works is owned by Nationwide and Mr S believes the balance of this mortgage should be £275,201.12. He says Nationwide has recorded a balance which is higher than it should be with credit reference agencies. The balance showing which he says is wrong is £286,354.

Mr S says this has impacted his ability to obtain credit, find a job and move house. He asked that Nationwide correct the balance on his mortgage and what is reported to credit reference agencies and pay him £250 for the distress and inconvenience.

The Mortgage Works responded to explain why it had reported the balance it has and why this is the correct balance. It said Mr S and Nationwide was currently involved in legal proceedings against a third party who was challenging the beneficial interest of the mortgaged property and that the mortgage was obtained without the third parties' consent. Nationwide had instructed a solicitor to act on its and Mr S's behalf in response to these proceedings and the terms and conditions of the mortgage allowed it to add the cost of these fees to the mortgage.

It also explained interest had been added to the mortgage following a three-month payment holiday together with a product fee of £1,995 added after a new deal was arranged in 2020.

Our investigator looked at Mr S's complaint and said that he didn't think Nationwide had done anything wrong. He thought the balance showing on Mr S's credit file reflected the costs that Nationwide had added to the mortgage because of the legal fees, product fee and interest following the payment holiday. He didn't believe Nationwide had acted unfairly when adding these costs to the mortgage and the balance recorded with credit reference agencies was correct.

Mr S disagreed with the view. He didn't provide any new information but simply reiterated what he thought the balance should be and asked that the complaint be looked at again. Because he disagreed, the complaint has been passed to me for 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.

I've decided not to uphold this complaint for much the same reasons as our investigator and will explain why.

The transaction history for Mr S's mortgage shows that in September 2020 a product fee of £1995 was added to the balance and that he had a payment holiday in 2020 for three

months. This added interest to the balance of the mortgage too. But it is not the balance of these transactions that Mr S is disputing. It is the difference of the costs added which relate to legal fees.

The terms and conditions for Mr S's mortgage explain that any costs incurred relating to legal action will be passed on in full if Nationwide has acted reasonably incurring them. If these costs aren't paid, interest will be added in line with the mortgage interest rate. So the debt will be treated in line with the mortgage debt as it is money owned to Nationwide.

It isn't disputed by Mr S that Nationwide and its appointed solicitor has been acting for both Nationwide and Mr S in the dispute over the beneficial interest of the property. So I think it is fair to say that Nationwide has acted reasonably when defending the claim and incurring the associated costs. It follows that I don't think Nationwide has acted unfairly when it has added these costs to the mortgage.

If Mr S would like these removed and the balance reduced, he'll need to pay these costs. If not, Nationwide is entitled to add interest to these each month inline with the interest rate of his mortgage. And Nationwide has acted fairly when it has added the outstanding balance to the mortgage until it is repaid.

My final decision

For the reasons explained above, I do not uphold Mr S's complaint.

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

Thomas Brissenden
Ombudsman