

The complaint

Mrs U complains that Nationwide Building Society has failed to protect her from changes being made to a joint mortgage she remains party to, although she had asked it not to allow changes to the mortgage without the agreement of both parties.

What happened

Mrs U told us that she was separating from her husband and their financial arrangements were being dealt with by the courts. They have a joint mortgage with Nationwide. Mrs U lives in the mortgaged property with the couple's children and her husband currently pays the mortgage.

Mrs U has told us there have been issues of financial abuse in this relationship in the past. She said she had asked Nationwide some time ago to make sure that no changes were made to the mortgage without the agreement of both parties. But Mrs U said she was complaining because her husband had been able to make changes to the mortgage without her agreement. He'd asked Nationwide to change the mortgage to interest only for a period of six months. Mrs U said she knew nothing about this change until after it was done.

The change which has been made reduced the payments her husband was making for six months. Mrs U said this would impact her, if, in future, the house was signed over to her. She also feared it might affect her chances of remortgaging to remove her husband from the account.

Mrs U said Nationwide had admitted the changes were fraudulent and that Nationwide hadn't protected her as a joint mortgage holder. She said Nationwide told her that her husband was able to use a loophole to get this change implemented, and she felt Nationwide had allowed further financial abuse to occur. She said Nationwide had told her to get legal advice on this, but the small amount of compensation that Nationwide had offered wasn't enough to cover the cost of that.

Mrs U said Nationwide had offered to reverse the change, but she said she feared that if she asked for that, then he might carry out a previous threat to stop paying the mortgage. Mrs U said she couldn't pay it, so the house could then be repossessed. Mrs U has told us how distressing she has found this. She said it was Nationwide's mistake, it hadn't protected her from financial abuse, and now it was saying it would do nothing about it.

Nationwide has written to Mrs U a number of times about this issue. In those letters, it has accepted that it was aware that Mrs U didn't want any changes made to the mortgage without her consent. Nationwide said it had tried to speak to Mrs U about this at the time she made the request, to let her know what Nationwide was able to do to support her. But it hadn't been able to speak to her then, so it had noted the account with this.

Nationwide said this note would mean that if one party rang asking to make a change to this mortgage, the other party would be consulted before the change was made. But Nationwide

said this particular change, to interest only for a short pre-determined period, can be made online if both parties consent to that.

Here, Mrs U's husband had requested the change online, and as part of that application, he confirmed to Nationwide that Mrs U had consented to this. So the change was automatically applied to the mortgage, and Nationwide had written to the parties to tell them this request had been actioned. Nationwide said it couldn't prevent changes to the mortgage which were requested online, being actioned automatically.

Nationwide was sorry that the arrangements it had put in place to allow its mortgage holders to access support easily, had affected Mrs U in this way. It wanted to pay her £125 to say sorry for that. And it said it would remove the interest only arrangement if she wanted. But Nationwide didn't think it had done anything wrong, so it wouldn't pay the costs of legal advice that Mrs U said she would now incur.

Our investigator didn't think this complaint should be upheld. She said she had considered the FCA's consumer duty, including the requirement to ensure businesses focus on their customers' needs, including those in vulnerable circumstances, at every stage and in each interaction. And she was aware Nationwide had considered the mortgage charter, which Nationwide has signed up to, and which came into effect from 30 June 2023.

Our investigator said the mortgage charter was aimed at supporting borrowers. It allowed for a six month switch to interest only on a mortgage, without affecting the borrowers credit file. But payments would usually increase after this six month period.

Here, Mrs U felt her consent was required to make this change, and she stressed that Nationwide didn't have this. But our investigator didn't think it was unfair for Nationwide to put this concession in place. She said that under the mortgage charter, Nationwide wasn't required to make a detailed investigation into individual circumstances first. And if, without this concession, the mortgage payer would have started missing his payments, then this would affect Mrs U too, as the credit ratings of both parties to the mortgage would be affected.

Mrs U has told us that her husband ticked the box to say that she had agreed to this change, and she doesn't think that should have been allowed to happen, but our investigator said Nationwide wasn't to know that this was something her estranged husband had done without her permission. Nationwide accepted the application in good faith. When it found out Mrs U didn't agree, it offered to reverse the change.

Our investigator said she could understand why Mrs U would want to take legal advice before making any decision on this, but she said that she couldn't fairly say Nationwide did anything wrong in applying the concession, and it had offered to remove it, so our investigator said she wouldn't expect it to cover these fees.

Our investigator said that the future of the financial settlement between Mrs U and her husband was unknown, so she couldn't comment on that. She wanted to encourage Mrs U to maintain contact with Nationwide, as she understood it would seek to help her if it could.

Our investigator said she wanted to thank Mrs U for her honesty about how worrying she has found things. But our investigator said that she couldn't fairly say Nationwide needed to do anything differently. So she said she wouldn't ask Nationwide to do more than pay the sum of £125 which it previously offered.

Mrs U didn't agree. She wanted her complaint to be considered by an ombudsman, so it was passed to me for a 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.

I've reached the same overall conclusion on this complaint as our investigator.

I've been very sorry to hear about the difficult situation that Mrs U is in. I understand she feels she's taken appropriate steps to try to avoid problems with this mortgage, by asking Nationwide not to make changes without her agreement, and Nationwide hasn't supported her efforts there. I think it's unfortunate that Nationwide wasn't able to talk to Mrs U when she first asked for a restriction to be placed on this mortgage account, as a detailed conversation then might have given Mrs U a better understanding of what Nationwide could do to support her.

I note that Nationwide has acted in line with the mortgage charter, by providing a light touch option for borrowers to take up a short term forbearance option on their mortgage, at a time when so many people are experiencing financial stress. But I'm also mindful of how Mrs U says this has affected her, in her particular circumstances.

So I've considered carefully what Mrs U has said about the failure to prevent her from being subject to financial abuse. And I have to bear in mind that, although Nationwide said it would take steps to ensure that it didn't act on just one person's request to change the mortgage, that's not what Nationwide understood had happened here. It received a request for a change, which was confirmed to be with Mrs U's agreement. And it acted on that change, in good faith. It also informed Mrs U of the change, and set out that this could be reversed if Mrs U wished. It has made this offer again since.

I appreciate that Mrs U doesn't feel she can take up this offer, and I'm sensitive to the concerns that Mrs U has expressed here, that the change to the mortgage has already affected her position, and that things might be worsened if she asked for the change to be reversed. So I understand why she feels this issue must be dealt with as part of the ongoing settlement considerations which are before a court now.

Mrs U says Nationwide should bear the costs of the additional legal advice that this mistake will require. I understand Mrs U would think it unfair that any additional costs should fall on her. However, I don't think I'm able to hold Nationwide solely, or even primarily, responsible for what Mrs U says has gone wrong here, which is that the other party to the mortgage confirmed to Nationwide that Mrs U had agreed to a change to her mortgage, when she had not. So I don't think it would be fair and reasonable for me to ask Nationwide to cover any legal costs that may result from this action.

I know that Mrs U will be very disappointed, but in the difficult circumstances of this case, I don't think it would be fair and reasonable for me to ask Nationwide to do more here than to make the payment of £125 which it has previously offered. I will require Nationwide to pay that to Mrs U now if it hasn't done so already.

My final decision

My final decision is that Nationwide Building Society must pay Mrs U the sum of £125 in compensation which it has previously offered, if it hasn't done so already.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs U to accept or reject my decision before 10 May 2024.

Esther Absalom-Gough
Ombudsman