

The complaint

Miss A complains that NRAM Limited

- Will not accept her offer of full and final settlement of a shortfall debt.
- Caused her distress by raising her expectations by telling her it would consider a full and final offer and then rejecting it without properly considering her circumstances.
- Managed the shortfall debt in a way that has caused her a great deal of confusion.
- Sent her a letter intended for another customer.
- Did not send her statements for the debt.

What happened

Miss A had two buy-to-let mortgages with NRAM. In 2005, I understand that NRAM took possession of both mortgaged properties. The proceeds of the sale of the properties wasn't enough to clear the outstanding balances – and Miss A was left with a shortfall to repay.

In 2022, the shortfall debt was over £100,000. Miss A made an offer of £1,500 in full and final settlement of the debt. When NRAM rejected that offer, Miss A made another offer of £5,000. Again that was rejected by NRAM.

Miss A complains that NRAM has unfairly declined her offers. She said that she had been caused financial hardship and distress by the way she has been treated and that it has led to her borrowing money from payday lenders to maintain the debt. Despite maintaining payments to the debt, NRAM kept recalling the debt and changing the debt collection agencies. And when she complained it failed to acknowledge all of the debt collectors it had used. In view of everything, she believes that NRAM should forgive the remaining debt.

Miss A also said that NRAM sent her letters meant for someone else and that she hasn't been receiving statements – and that payments made in 2010 aren't showing on a statement she received.

I issued a provisional decision, explaining why I considered NRAM's offer of £150 was a fair way to resolve this complaint. My provisional findings, which form part of this decision, were:

When Miss A complained to NRAM, she complained about all of the things set out above. NRAM responded to those complaints in its final response dated 6 June 2023 – and I'm satisfied that Miss A referred those complaints to us in time. So I can consider the complaints – although I can't consider part of them for another reason, which I will set out below.

Full and final offers

I don't consider it is unreasonable for NRAM or any debt collector it instructs to discuss the possibility of Miss A making a lump sum payment in full and final settlement of the debt. This

is accepted practice. But it is for NRAM to decide what it is prepared to accept in settlement of the debt.

The offers that Miss A made were significantly less than the outstanding balance. NRAM said the offers weren't sufficient. Looking at the balance outstanding, I don't consider it was unreasonable for NRAM to decline those offers – and ultimately it was entitled to use its discretion to make those decisions.

Miss A has provided evidence that in 2013 a debt collector said NRAM "might" consider and offer of £5,000 based on Miss A's circumstances. I don't think that could reasonably be interpreted as a guarantee NRAM would accept such an offer – especially more than ten years later.

I note what Miss A has said about her circumstances. I appreciate that it would be distressing to be left repaying a shortfall debt after so many years and I was sorry to hear the impact that has had on her. But I can't see that NRAM or the debt collectors have treated her unfairly. The evidence suggests that NRAM and the debt collectors considered Miss A's circumstances and put in place a repayment arrangement based on that. They also said Miss A should let them know if her circumstances changed.

Based on the evidence available to me I can't see that NRAM unfairly led Miss A to believe it would accept a full and final settlement offer or that it unfairly declined the offers she made.

Management of the debt

Miss A said she was confused about how the debt was managed. She said NRAM had instructed three different debt collectors and the debt had been recalled to NRAM. She also gave us a copy of a letter from NRAM that suggested she had not been in contact with it, when in fact she had.

Most of the letters and emails Miss A has provided are dated between 2011 and 2015. But under our rules I can't consider things that happened more than six years ago or where the person complaining knew (or ought reasonably to have known) they had cause for complaint more than three years ago

I can't look at how the debt was managed before 21 March 2017 – six years before Miss A complained. That's because she must have known there was a problem at the time in question. NRAM has not consented to us considering the complaint and I'm satisfied there weren't exceptional circumstances that prevented Miss A complaining in time.

Looking at what happened after March 2017, I can't see any errors by NRAM. It's entitled to appoint debt collectors to recover the debt and from time to time change the debt collector.

Letter

NRAM accepts that it sent Miss A a letter meant for another customer in error. It has made an increased offer of £150 for any upset that caused. While I understand Miss A is worried about the safety of her own personal data, there is no evidence that it has been sent to anyone else. I think £150 is a fair amount to reflect the worry NRAM's mistake has caused to her.

Statements

NRAM said it does not send annual statements to Miss A, but it will do so on request. While quarterly statements are a requirement for regulated mortgages, the shortfall debt here is as

result of unregulated buy-to-let mortgages. So I can't see any requirement for NRAM to send regular statements to Miss A.

When NRAM sent Miss A statements it omitted payments received in 2010. It included evidence of the payments received in 2010 in its final response – and I understand it sent Miss A a statement from that time. I consider that is a fair resolution to that part of the complaint and that its offer covers any upset and inconvenience caused by this element of the complaint.

Miss A did not accept my provisional findings. She made a number of points, including:

- At the time of taking out the mortgage she didn't have the information that the mortgages were unregulated buy-to-lets.
- The mortgage shortfall was a result of the flats being sold too cheaply.
- She didn't complain about the management of the debt at the time as she was experiencing a time of ongoing stress and difficulty due to bereavement and financial difficulty. So she wasn't in the right frame of mind to complain.

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 reviewed everything again – and having done so I see no reason to depart from the conclusions I reached in my provisional decision.

I can't see that Miss A has complained that she didn't know the mortgages were unregulated or that the properties were sold for too little. She'd need to raise those points with NRAM if she wants to complain. There might be issues around our time limits if she wanted to refer any future complaints to us. But I have not dealt with those matters here – other than to say that those points don't make any difference to the outcome of this complaint.

The only matter I need to deal with is the reasons Miss A has given for not referring her complaint about the management of the debt in time. I was very sorry to hear what she has been through. Based on what she has said I think that it's likely there were exceptional circumstances. But for me to consider events before March 2017, I would also need to make the finding that those circumstances prevented Miss A from complying with our time limits.

I don't consider the exceptional circumstances prevented Miss A complying with our time limits. I say that because the evidence I have shows that Miss A was able to deal with debt collection agencies in respect of the debt at the time in question – and one of Miss A's point is that she always kept in contact with NRAM. It follows that she was able to manage her day-to-day activities. So while I don't doubt what she went through and how hard that was, that isn't enough for me to say that her circumstances prevented her complaining in time.

My final decision

My final decision is that NRAM Limited should pay Miss A £150.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss A to accept or reject my decision before 15 December 2023.

Ken Rose
Ombudsman