

The complaint

Mr L complains about the way that NRAM Limited dealt with the redemption of three buy-to let mortgages.

What happened

Mr L had three buy-to-let mortgages with NRAM. On 22 December 2022, Mr L's solicitors asked NRAM for redemption statements for all three mortgages. NRAM dealt with each request individually on 29 December 2022, 6 January 2023 and 10 January 2023. But it did not send redemption statements. Rather NRAM sent letters saying that it intended to enforce its right to consolidate unless Mr L repaid the full market value of each property. It gave the mortgage balance on the date of each letter, but also said "this is not a redemption figure".

On 14 February 2023, NRAM received lump sum payments for each of the mortgages. But it was not enough to repay all of the balances. NRAM said as it didn't receive any payments and the terms had already ended on the mortgage it recorded adverse information on Mr L's credit file.

Mr L complained that NRAM gave his solicitors incorrect information that the redemption statements could only be sent by post. That caused delays as Royal Mail were on strike at the time. Mr L said his solicitors had followed NRAM's procedure and as far as he knew the mortgages had been repaid. He wants NRAM to refund the interest applied after the lump sums were paid and to remove any adverse information from his credit file.

The investigator thought that NRAM's offer to remove the adverse information from Mr L's credit file and to pay Mr L £150 was fair. He said that NRAM had delayed things slightly, but that wasn't the reason for the delay in redeeming the mortgages. Mr L did not accept what the investigator said.

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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 think there has been a lot of avoidable confusion here. I've exchanged emails with both Mr L and NRAM regarding this matter. Following that NRAM agreed to pay Mr L a total of £300. I will explain why I consider that is fair in all the circumstances.

I don't consider it is the fact that NRAM responded by post that caused the delays here. Mr L's solicitors requested redemption statements through the portal on 22 December 2022. The reason NRAM did not reply straight away was because Mr L had more than one mortgage with NRAM and it held an all monies charge. It was explaining that it wanted to exercise its right to consolidate – so use the full proceeds of any sale to pay down all of the remaining mortgage balances.

NRAM said it followed its usual procedures where it holds more than one property as security. That is to send the request to a specialist department who decided whether to enforce its right to consolidate for each of the mortgages. It said the department dealt with each of the requests individually and correctly in line with its policy – and decided to enforce the right to consolidate.

But NRAM knew that Mr L was planning to repay all of the mortgages in full. So I don't consider its approach was fair and reasonable. It ought to have looked at the requests together and sent out a letter for all of the mortgages. Further, the information that it sent Mr L's solicitors did not include a redemption figure.

I can understand why Mr L and his solicitors were frustrated with that. They wanted to repay the mortgage and needed a redemption figure to do so. But it was clear that the letters NRAM sent were not redemption statements. So when they paid what they thought they needed to redeem the mortgages it wasn't enough to do so. That meant a balance remained and accrued interest.

I consider that NRAM ought to have realised there was a problem too. It knew Mr L wanted to repay all of the mortgages and it had received lump sum payments. So there was more it could have done to tell Mr L that balances remained on the mortgages.

When we uphold a complaint, we try and put the affected party in the position they would have been in had the mistake not occurred. So if NRAM had acted correctly, Mr L's solicitors would have had redemption statements that told them how much they needed to repay all of the mortgages in full on 14 February 2023.

If the solicitors had received the correct information, Mr L would have had to pay over £3,000 more in total to redeem all of the mortgages in full. That amount was always due and payable. So there was no loss to Mr L in paying those amounts - albeit belatedly when he found out the mortgages had not been repaid. The financial loss he has suffered is the interest on the residual balances between 14 February and April 2023 when the mortgages were repaid, which was just over £22.

The £22 is included in NRAM's offer of £300. We'd usually award 8% simple interest on the loss from the date paid until settled – but that is only £2 or so and is included in the £300. The remaining amount is compensation to reflect the avoidable worry and trouble caused by the mistakes.

Overall I consider that NRAM's offer of £300 fairly compensates Mr L for any financial loss caused by its errors and for any distress and inconvenience caused by the mistake – bearing in mind he only had to pay £22 more because of the mistake but taking into account the trouble he's had to go through to get to this point.

My final decision

My final decision is that NRAM Limited should pay Mr L £300.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 22 April 2024.

Ken Rose
Ombudsman