

The complaint

Ms X is unhappy with how National Westminster Bank Plc (NatWest) has treated her, during a very difficult time and despite her being a vulnerable borrower. She says she has been repeatedly misinformed by NatWest which has caused her considerable worry and concern.

Ms X also feels NatWest isn't placing her ex-partner under proper scrutiny before agreeing arrangements, which she says is allowing him to delay the sale of the property.

What happened

Ms X and her ex-partner (who I will refer to as Mr Y) have a mortgage with NatWest, but she moved out of the property with her children as she'd been the victim of domestic and financial abuse.

On 8 June 2022, Ms X informed NatWest of her situation, that she had moved out of the property and Mr Y wasn't paying towards the mortgage. She asked that NatWest contact him about payment, but it explained it would write to all parties following non-payment. It also explained the impact of non-payment – such as information being reported to credit reference agencies – and that this would affect everyone joined on the mortgage.

Ms X next spoke to NatWest on 25 July 2022, where she shared with it the circumstances that had led her to leaving the home – which it recorded with her consent. She also explained that she would no longer be able to maintain the mortgage payments going forward. It was recommended she complete an income and expenditure assessment (IEA), but she didn't have time to during this call – a form was instead sent by email.

A couple of days later, on 27 July 2022, Ms X called back having completed the IEA form. Ms X wasn't able to afford the mortgage payments, due to having to now cover rent and also the legal costs related to her separation. NatWest agreed to a three-month payment deferral but explained it would result in a confirmation letter being sent to the correspondence address – the mortgaged property. Ms X understood this would inform the other party of the arrangement – which she confirmed she wanted to happen. Ms X didn't want to update her own correspondence address at this time, as she was concerned Mr Y could use it to locate her.

Ms X called NatWest on 10 October 2022 and asked if the other party had set up a direct debit. She also asked about the possibility of switching the mortgage to interest only. NatWest confirmed no direct debit was in place, and that a switch to interest only looked unlikely to meet NatWest's interest only policy.

Over the next few months, Ms X would contact NatWest several times to confirm the status of the mortgage, and whether the other party had put something in place to repay it. By 29 March 2023, Ms X explained she felt the other party was just telling NatWest what it wanted to hear, to delay the need to sell the property – which was her preferred outcome.

NatWest explained it couldn't share the details of its conversations with Mr Y – just as it wouldn't share details with him of her conversations with it either. But NatWest did confirm

the arrears continued to grow and signposted Ms X to speak to her solicitor about obtaining a court order to force the sale of the property, if she wanted it sold but the other party didn't.

Unhappy with how NatWest was handling matters, and feeling NatWest was allowing Mr Y to let the account fall further into arrears, Ms X raised this complaint on 12 April 2023. While NatWest was investigating this complaint, Ms X spoke to NatWest on 2 May 2023 to request someone from NatWest inform her should Mr Y make any arrangements with NatWest. She was told it could do this. Ms X was also told that an IEA must be completed before any arrangement could be agreed, after she expressed concerns Mr Y wouldn't give accurate figures.

When answering the complaint, NatWest explained that its member of staff should not have given Ms X any assurance it would call her if Mr Y agreed an arrangement. Although this wasn't because it couldn't tell Ms X of such an arrangement at all, but rather it just couldn't tell her in the way it had said it would during the call. Ms X was entitled to know an arrangement was in place, the amount agreed and when payments are due, but this would be sent out by automated letter.

NatWest offered £100 compensation for the impact of Ms X being misinformed. However, NatWest emphasised that it couldn't become involved in a dispute between the two account holders. And that it would only seek to repossess the property – with all the cost that would entail – should the account fall behind with no arrangement in place.

On 27 June 2023, Ms X spoke to NatWest again, as she felt it hadn't fully answered her complaint. Ms X had since learned an arrangement had been agreed on 2 May 2023, despite her not being told about it when she called on 15 May 2023. She was also unhappy that it had been agreed without an IEA being completed, which was the opposite of what she'd been told – and had to do herself.

NatWest accepted Ms X hadn't been informed of an arrangement that had been agreed as early as she ought to have been. Also, that she had been told no arrangement could be agreed without an IEA being carried out, when this wasn't the case. NatWest now explained that dependant on individual borrower's circumstances, it could do this – and in this case had done so with Mr Y. It offered Ms X £200 in addition to the £100 already offered, giving a total compensation figure of £300.

Unhappy with how NatWest had responded to her complaint, Ms X referred it to our service. An investigator at our service didn't feel the compensation already offered by NatWest was enough, given how difficult Ms X's situation was, and so felt NatWest should pay an extra £200 – which it agreed to do, making for a total compensation amount of £500.

Ms X didn't accept the investigator's findings, so her complaint has been passed to me to decide.

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.

NatWest has already acknowledged it made the following mistakes:

- It told Ms X it would call her if it agreed an arrangement with the other party.
- It missed an opportunity to tell Ms X that Mr Y had already agreed an arrangement on 2 May 2023, when she spoke to it on 15 May 2023.
- It had told her Mr Y would have to complete an IEA before an arrangement could be agreed, when this was not the case.

But I understand Ms X also feels NatWest's actions – both those it admits were errors and in general – has placed her in an extremely difficult situation, whereby it is prolonging the financial abuse Ms X has suffered because of Mr Y. This is because she feels NatWest is allowing Mr Y to delay selling the mortgaged property, which would repay the mortgage and so release Ms X from the main financial tie to him. She said it is doing this by not properly scrutinizing Mr Y's ability to afford the mortgage, before entering into arrangements with him.

I think it's important to explain from the outset, that as this is a joint mortgage, both Ms X and Mr Y, are jointly and severally liable for the mortgage. This means they are both responsible for maintaining the monthly payments and repaying the balance overall. While I have made reference to Mr Y, I can't comment on NatWest's interactions with him directly as part of this complaint brought only by Ms X because we don't have his consent to do so. But I can comment on whether overall, NatWest's actions resulted in Ms X being treated unfairly.

In July 2022 Ms X explained to NatWest she was unable to pay towards the mortgage any longer. This was supported by an IEA she'd completed, and NatWest agreed a three-month payment deferral with her alone. No payments were made towards the mortgage by either party until 31 March 2023 when Mr Y paid £500. Mr Y then paid a further £1,200 in April 2023, then £1,100 each month from May until July 2023 – which is the period covered by this complaint.

NatWest has already said it was wrong to tell Ms X an IEA was always needed before an arrangement could be agreed – I will come back to this. But I also understand Ms X's concerns aren't just that she was misinformed, but that by not needing Mr Y to complete an IEA, NatWest hadn't properly scrutinized his ability to maintain any arrangement he requested.

While NatWest repossessing the property might have broadly aligned with Ms X's goal of seeing the property sold and the mortgage repaid, it wouldn't be doing this for the reason Ms X wanted. But rather to protect its own interest. Furthermore, NatWest has an obligation to treat both Ms X and Mr Y fairly – including showing suitable forbearance during a period of financial difficulty.

So, I can't say that in principle, where only one account holder is able or willing to pay towards a joint debt, the lender shouldn't work with that account holder to avoid the account deteriorating further. Not least because a lender should always see repossession as a last resort.

This is what NatWest did in May 2023 with Mr Y, as he said he was able to make payment to the mortgage at that time. And as NatWest had done with Ms X in July 2022, when it agreed

a three-month payment deferral by way of forbearance. And while this was following her completing an IEA, it was also at a time when no payments were being made or were likely to be made for the foreseeable future.

Whereas from April 2023, the full contractual monthly payment was being made, along with a meaningful contribution towards the arrears by Mr Y. This meant that, so long as Mr Y was paying towards the mortgage – regardless of how he was managing to support this – NatWest would have no reason to explore litigation.

And, by agreeing this arrangement, it has also lessened the impact on Ms X's credit file, the level of arrears and the overall cost of the mortgage – which Ms X remains jointly and severally liable for. So, I can't say NatWest's actions here, has resulted in her being financially worse off.

If Mr Y, is unable to maintain these payments, then the account will fall back into arrears and NatWest may need to consider litigation in the future. But as NatWest explained to Ms X on 29 March 2023, if she was looking to force the sale of the property and Mr Y doesn't agree, this is a matter for them to resolve between themselves – and through their own legal action if needs be.

To be clear, I'm not saying whether NatWest was right to enter into an arrangement with Mr Y without first completing an IEA with him – I can't consider NatWest's interactions with Mr Y. But for the reasons given above, I don't think the fact NatWest did this, has resulted in Ms X being treated unfairly I appreciate Ms X still wants the property to be sold, but as NatWest has already explained, that is something she needs to explore with Mr Y and/or her solicitor. It is not for NatWest to repossess the property if the payments are being maintained by one or either party.

This also means, I don't think NatWest has made any errors, beyond the ones it has already identified that I've listed above. But I still need to consider if I think £500 is sufficient compensation to account for the impact of those errors.

I think learning that an arrangement had been agreed, would've been unwelcome news for Ms X, regardless of when she was informed. So, on balance, I don't think that the delay in learning of the arrangement alone – which is all I'd be awarding redress for – made too much difference.

I also don't think that being misinformed about when the arrangement was agreed or that it could be done without an IEA, prevented Ms X from taking any remedial action. Ms X was already speaking to a solicitor about formalising her separation from Mr Y, and she couldn't stop him from paying the mortgage, or NatWest from accepting those payments. So even if Ms X had been informed properly from the outset, I'm satisfied that, on balance, it wouldn't have meaningfully changed her circumstances. For these reasons, I think the £300 NatWest offered, was a reasonable level of compensation, for errors of this type.

However, I've also thought about the wider circumstances Ms X has informed us about, and I can appreciate why being misinformed in the ways I've set out above, had extra significance for Ms X. I can also understand how this would've undermined Ms X's confidence in NatWest's ability to treat her fairly during the dispute between her and the other account holder – even if I can't say overall, it had treated her unfairly.

To reflect that, I agree the compensation should be increased to £500. As NatWest has already agreed to pay this, I don't require it to do more on this occasion.

My final decision

I uphold this complaint and order National Westminster Bank Plc to pay £500 to Ms X (less any amounts already paid).

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms X to accept or reject my decision before 17 April 2024.

Julia Meadows
Ombudsman