

The complaint

Mr H and Mrs S complain that National Westminster Bank Plc mis-sold them a mortgage in early 2017 and has unfairly taken legal action against them

What happened

Mr H and Mrs S took out a repayment mortgage with NatWest in January 2017 for £90,150.00 for a term of 25 years. Mr H and Mrs S used a broker to source the mortgage. Mr H and Mrs S say that the mortgage was unaffordable, and that NatWest sold it to them unfairly for its own financial benefit. After a couple of years, when the mortgage balance reduced by about £10,000.00, they had difficulties maintaining payments on the account. Mr H and Mrs S suffered bouts of depression and then were severely affected by the Coronavirus Pandemic between 2020 and 2022. In January 2023, their situation improved, and they repaid almost £8,500.00 but were told that their mortgage balance was £115,000.00 including £24,000.00 of arrears. Mr H was let go from his job in January 2024 and has zero savings and faces high living costs. Mr H and Mrs S ask that NatWest:

1. Should compensate them for the distress and anxiety caused by NatWest's failure to properly assess their affordability when they took out the mortgage.
2. Provide the mortgage application and contractual terms
3. Provide an itemised breakdown of the arrears and charges on the account
4. Comply with a data subject access request (DSAR)
5. NatWest's Financial Health and Support Team (FH&S) did not offer them a repayment plan or repayment holidays.

NatWest issued a final response letter on 13 March 2024 in which it disagreed that it lent the money irresponsibly; that its FH&S team had been dealing with Mr H and Mrs S's account since 2017; that NatWest offered and Mr H and Mrs S have accepted repayment plans but it was unable to offer them a repayment holiday and that it would provide an arrears statement.

Our investigator's view was that as a preliminary issue we could not consider Mr H and Mrs S's first point as the complaint that the mortgage was mis-sold was brought to this Service too late and under the rules that apply to us we cannot consider the complaint. I issued a Decision where I confirmed that under the rules that apply to us we cannot consider Complaint 1 above but could consider the other complaints.

Our investigator also did not uphold the other parts of Mr H and Mrs S's complaint. Mr H and Mrs S disagreed and asked for a review.

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.

Complaint Points 2,3 and 4 have been dealt with by the supply of the required information.. A court decided in January 2023 that NatWest was entitled to possession of the property and an eviction date set for 17 January 2023. The eviction was cancelled when Mr H and Mrs S agreed a new fixed rate and a repayment plan with NatWest. Part of that plan was that if the CMPs were paid and a contribution to the arrears, NatWest would consider capitalising the arrears – then about £25,000.00 or 41 missed payments. No request was received to capitalise the arrears and the arrangement continued until January 2024 when Mr H lost his job and asked for a payment holiday. NatWest says it's now looking for an eviction date.

It's not our role to challenge a decision of a court but we can look at NatWest's action after the court made an order. It seems that Mr H and Mrs S agreed a repayment plan in January 2023 that lasted a year, but Mr H then lost his job. So, NatWest was agreeable to a repayment plan that was affordable. The arrears weren't capitalised, and the evidence is that Mr H and Mrs S didn't apply for that to be done. But given that Mr H lost his job shortly afterwards, it's unclear what benefit that would have been as any new CMP would be unaffordable. But, of course, there remain substantial arrears.

Following Mr H losing his job, Mr H and Mrs S looked for a payment holiday. The difficulty with that is it would mean increasing the already substantial arrears through the non-payment which would increase the debt to NatWest and increase the CMP which Mr H and Mrs S have had difficulty paying in any case. I don't consider that a payment holiday would be appropriate where, as in this case, Mr H and Mrs S have had a long period of financial difficulties and unfortunately don't know when things are going to improve.

Looking at the actions of NatWest as a whole I consider that they have tried too work with Mr H and Mrs S in their financial difficulties and can't fault them for that. So, I can't fairly uphold this complaint.

My final decision

My decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H and Mrs S to accept or reject my decision before 18 October 2024.

Gerard McManus
Ombudsman