

The complaint

This complaint is about an expired interest-only mortgage Miss H holds with National Westminster Bank Plc (NatWest). The gist of the complaint is that Miss H believes NatWest is harassing her to repay the mortgage, and wouldn't offer her forbearance, such as a better interest rate, whilst she tries to sell the mortgaged property.

What happened

In what follows, I have set out events in rather less detail than they have been presented. No discourtesy's intended by that. It's a reflection of the informal service we provide, and if I don't mention something, it won't be because I've ignored it. It'll be because I didn't think it was material to the outcome of the complaint. This approach is consistent with what our enabling legislation requires of me.

It allows me to focus on the issues on which I consider a fair outcome will turn, and not be side-tracked by matters which, although presented as material, are, in my opinion peripheral or, in some instances, have little or no impact on the broader outcome.

Our decisions are published and it's important that I don't include any information that might result in Miss H being identified. Instead I'll give a brief summary in my own words and then focus on giving the reasons for my decision.

Miss H took this mortgage originally on a capital repayment basis, but changed it to interest-only in 2008. The mortgage term expired, and the balance fell due for repayment, in 2022. NatWest agreed a formal term extension, when Miss H was given until 27 September 2023 to repay the mortgage. She was trying to sell the mortgaged property, but a sale fell through in July 2023. NatWest agreed an informal grace period of three months, giving Miss H until December 2023 to repay the mortgage. Meanwhile interest rates were rising.

In August 2023, Miss H asked for a payment holiday; this was turned down because the mortgage had less than 12 months to run. In September 2023, NatWest agreed a reduced payment arrangement of £450; but arrears accumulated, and interest accrued on them. Miss H thinks NatWest should have done more to help her, including reducing the interest rate.

From then, Miss H continued to pay £450 per month, but that arrangement ended in January 2024 when the grace period ended and the full balance fell due. Miss H kept NatWest updated on her efforts to sell the mortgaged property, but in July 2024, the bank issued a formal demand.

Our investigator didn't think NatWest had treated Miss H unfairly. Miss H has asked for the case to be reviewed by an ombudsman.

What I've decided – and why

I'll start with some general observations. We're not the regulator of financial businesses, and we don't "police" their internal processes or how they operate generally. That's the job of the Financial Conduct Authority (FCA). We deal with individual disputes between businesses and their customers. In doing that, we don't replicate the work of the courts.

We're impartial, and we don't take either side's instructions on how we investigate a complaint. We conduct our investigations and reach our conclusions without interference from anyone else. But in doing so, we have to work within the rules of the ombudsman service.

Under our rules, the subject matter of a complaint needs to have been referred to the business first, and the business given the opportunity to deal with it in a final response, before we can look into it. Once that happens, we can only look into the subject matter covered in the final response. We can't investigate complaints 'on the fly' so to speak, with consumers adding new points along the way whilst our consideration is ongoing. Otherwise, there's a risk that a complaint becomes a moving target that can never be concluded.

Nor do we look at complaints more than once. Much of what Miss H continues to be unhappy with was dealt with in the predecessor complaint to this service, which was about events up to March 2023. Our consideration of that case concluded in April 2024.

The complaint before me now was brought after that, and relates to events subsequent to those we addressed in the earlier complaint. Our investigator made it clear that her view on the current complaint was confined to events between March 2023 and September 2024 when NatWest sent its most recent final response.

Miss H has asked us about events either side of those dates, some going back to when the mortgage was changed from capital repayment to interest-only. However, none of those form part of what I'm reviewing here. In order that there should be no ambiguity, my decision here deals solely with events between March 2023 and September 2024. If I mention any other matters, it will be for context only.

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

My starting point here is that this mortgage was originally due for repayment in 2022. NatWest granted Miss H more time to pay the money back; it didn't have to do that. It seems Miss H's sole strategy for repaying the debt is to sell the mortgaged property. That being the case, it is neither unfair nor unreasonable that NatWest expected Miss H to expedite the sale and sought regular progress updates from her. Those have been provided but time has moved on. NatWest has shown a more than reasonable degree of patience towards Miss H. It's not obliged to remain patient indefinitely.

Miss H has challenged NatWest on why it hasn't offered her a payment holiday or a lower rate; both are forbearance options that a lender is required by the regulator to consider. The problem there is that neither of those options were realistic solutions in Miss H's specific financial circumstances.

At the time of her wanting a payment holiday and/or a lower rate, Miss H's mortgage term had already been extended and was about to expire. It since has and she was (and presumably still is) actively trying to sell the mortgaged property. A payment holiday would only have delayed the inevitable, and even with a lower rate, the mortgage payment would still have been unaffordable during the grace period. Meanwhile, applying a new rate would

have meant Miss H then incurring an early repayment charge when the property was sold and the mortgage repaid.

Applying either forbearance measure, would not have solved the underlying problem. That is, without wishing to sound unkind, that in her situation as it was during the extended term and the grace period:

- Miss H could not afford to pay her mortgage payment (either on its contractual terms, or in whatever form NatWest might have allowed it to take on a concessionary basis); and
- the only means by which the now overdue balance can be repaid is by the mortgaged property being sold, either by Miss H or by NatWest following enforcement of its security.

I'll make one other observation, largely for completeness, as it's not part of what I've considered here. In an email to our investigator dated 18 October 2024, Miss H mentioned a problem with the title to her property, which is impacting on its saleability.

In a purchase and mortgage transaction, solicitors have two clients, the purchaser and the lender. There are two discrete roles the solicitors carry out. For the purchaser, the solicitors ensure that the property has good title, and there are no defects, errors, restrictions or hidden claims over the title or occupiers' rights. They raise enquiries with the seller's solicitors about the property, including fixtures and fittings, neighbour disputes, boundary maintenance and other relevant matters. They go through the survey report with their client to ensure that the purchaser is aware of any issues with the property before they are committed to purchasing it.

The solicitors liaise with the seller's solicitors and the estate agents in relation to when contracts will be exchanged and completion will take place. They arrange for the deposit to be supplied by the purchaser, and transfer it over on exchange of contracts. They arrange for documents to be signed and prepared for completion. They prepare the completion statement, showing how much the entire transaction, including the amount of any fees and Stamp Duty Land Tax. After completion, they will register the purchaser's title to the property and ensure all fees and taxes are paid. In all of that, the solicitors is acting as the purchasers' agent.

For the lender, the solicitors have to ensure that the title is suitable security for the mortgage. They will arrange signature of the mortgage deed, prepare the report on title for the lender, obtain any undertakings (binding promises) from the seller's solicitors to safeguard the lender's position, they'll transfer the funds over on completion and register the lender's charge. All lenders maintain their own panels of solicitors who they are prepared to instruct to act for them on a mortgage transaction. If the buyer instructs a solicitor who is on the lender's panel, then that lender can act for both purchaser and lender.

I don't know if the same solicitors acted for both parties in this case, but if they did (which is the norm) they did so simultaneously but separately. Any alleged failure to check that the property title was correctly set up and registered relates to an activity the solicitors carried out as agent for the purchaser, i.e. Miss H, and *not* for the lender, NatWest. I imply no criticism of the solicitors here, and none should be inferred; I have no remit to consider the actions of a firm of solicitors that is not acting as agent of a lender. As I said, this is context only.

I said at the outset that I wouldn't be commenting on every single point, and I haven't. I have, as I said I would, confined myself to those matters that I consider have a material effect on the outcome. I can see how strongly Miss H feels. That's a natural, subjective reaction, and entirely understandable in the circumstances. Be that as it may, I have to take a different approach. I'm impartial and I have to look at things objectively. That's what I've done.

That begs the question of what happens next. I don't know what NatWest's intentions are regarding enforcement of its security over the mortgaged property. But clearly that is something it can consider as a next step. It's important to explain here that lenders will generally agree not to pursue recovery action whilst we look at a complaint, but they don't have to and we can't force them to.

If the Financial Ombudsman Service had that power it would undermine our impartiality between the parties to a complaint. It would also create the potential for consumers to use our service to bring complaints with the intention of having any legal action put on hold, thereby obstructing businesses that were trying to take action through the courts to recover money legitimately owed by the consumers.

I do not wish to alarm Miss H but I would not want her to be under any misunderstanding that we would tell NatWest that it must delay recovery action in the event of any new complaint being raised about the mortgage. It is a matter for a court to decide whether it is appropriate to adjourn or suspend any legal action, not this service.

I know this isn't the outcome Miss H wanted. She is faced with the prospect of having to find a significant sum of money to repay her mortgage, or else sell her home. If she does neither, NatWest could potentially enforce its security. It might help Miss H to have some advice from an independent financial adviser to discuss her options, for example, an equity release mortgage. Miss H can find details of advisers on the Financial Conduct Authority's website at www.fca.org.uk or through the Equity Release Council at www.equityreleasecouncil.com.

My final decision

My final decision is that I don't uphold this complaint, or make any order or award against National Westminster Bank Plc.

My final decision concludes this service's consideration of this complaint, which means I'll not be engaging in any further discussion of the merits of it.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss H to accept or reject my decision before 14 April 2025.

Jeff Parrington

Ombudsman