

## **The complaint**

This complaint is about a mortgage Mr C holds, jointly with a third party, with National Westminster Bank Plc (NatWest). The essence of the complaint is that Mr C believes NatWest is treating him unfairly by refusing to apply forbearance options to the mortgage to make it more affordable, without the consent of the joint borrower.

The relationship between Mr C and the joint borrower has broken down completely. He has told us he is the victim of financial abuse on the part of the joint borrower; something he believes NatWest is effectively enabling.

Mr C has brought this complaint to us on his own.

## **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 Mr C being identified. Instead I'll give a brief summary in my own words and then focus on giving the reasons for my decision.

The mortgage, which is capital repayment, began in 2016, on an initial fixed interest rate product running to the end of 2018. A new rate deal was put in place, running until the end of 2020. Since 1 January 2021, the mortgage has been on NatWest's standard variable rate (SVR). During the period since then, Mr C's relationship with the joint borrower has ended, and the joint borrower has made no contribution to the mortgage payments.

Mr C has tried to get NatWest to apply a new fixed rate deal, but without agreement from the joint borrower, NatWest has said no. Mr C can't afford the full monthly payment from his sole resources, and arrears have accrued over time. At the time of writing, the arrears are over £42,500 and Mr C has been trying to sell the mortgaged property for several months, so far without success. Another reason NatWest has given for not agreeing to a new fixed rate is that if Mr C completes a sale, the mortgage will accrue an early repayment charge (ERC).

Our investigator didn't think NatWest had treated Mr C unfairly. Mr C 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.

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

Mr C has challenged NatWest on why it hasn't offered him a lower rate or a switch to interest only until he can sell the mortgaged property or, alternatively, dispose of a second property, the sale of which he has told us is closer to reaching a conclusion. He says NatWest should agree, particularly because of the outcome of civil court proceeding between Mr C and the joint borrower (which Mr C says NatWest suggested he take) that he says effectively confirmed the joint borrower to be financially abusing him.

I have enormous sympathy for Mr C; he is in a truly horrible situation. And to be clear, I can understand why he would expect NatWest to adopt a more flexible approach in the wake of the court order, especially if it suggested he take the action in the first place. But it's important to keep in mind that the court order is between Mr C and the joint borrower, and doesn't bind NatWest in any way. NatWest still has to remain neutral between the disputing parties, as do I.

Only Mr C has brought this complaint, which is understandable, given the circumstances. Without the joint borrower being a party to the complaint, I don't even have consent to ask NatWest about any steps it may have taken to involve her in recovering the arrears, far less share any answers to such questions with Mr C. At the same time, however, I must keep at the forefront of my mind that NatWest's obligation to treat consumers fairly applies equally to Mr C and the joint borrower.

I appreciate that Mr C thinks that by doing nothing without the joint borrower's participation, it's treating him less favourably than her. But there's always more to consider. Whether it's a change to interest only or applying a new rate, both of the things Mr C are asking NatWest to do are forbearance options that a lender is required by the regulator to consider. The problem there is that, with or without the consent of the joint borrower, neither of those options is a realistic solution in Mr C's specific financial circumstances. I'll explain why.

The current contractual monthly payment on the mortgage is around £2,600, Mr C is paying half that each month. Initially, he told us that the reason he's paying that is because a provision in the court order is that he should only pay each month a sum equivalent to what would be due if a new rate had been applied. I'll come back to that point shortly, but Mr C has since told us that the £1,350 he's paying each month is all he can afford. And *that* is why neither option is a realistic solution for Mr C.

Switching the mortgage from capital repayment to interest-only would reduce the monthly payment from its current figure of around £2,600 to something in the region of £2,200. Meanwhile, applying a new two-year fixed rate (the shortest period available) from those currently available would only reduce the payment to around £1,950. Not only are both of

those figures still much higher than the £1,350 Mr C has told is the most he can pay, neither includes a contribution to reducing the arrears. That would have to be calculated on top.

Even with a lower rate or on interest-only, the mortgage payment would still be unaffordable. Meanwhile, applying a new rate would mean the mortgage would then incur an early repayment charge if the property is sold and the mortgage repaid. I've read what Mr C says about the amount of any ERC being less than the extra interest that will be charged in the time it takes to sell the house. An ERC, at 2% of the amount being repaid, would be close to £8,000. That's approximately 12 months' of differential interest, not the two months that Mr C mentioned.

Applying either forbearance measure, would not have solved the underlying problem. That is, without wishing to sound unkind, that in his current situation:

- Mr C cannot afford to pay his full 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 arrears can be repaid is by the mortgaged property being sold (either by Mr C or by NatWest following enforcement of its security) or by Mr C selling the second property he has told us about.

I know this isn't the outcome Mr C wanted. All of the options open to him are unwelcome and unpalatable. But for all the reasons I have set out, I can't find that NatWest has treated him unfairly.

### **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 Mr C to accept or reject my decision before 1 July 2025.

Jeff Parrington

**Ombudsman**