

The complaint

Mrs B is unhappy with the actions of NRAM Limited for several reasons. She said she never consented to the transfer of her buy to let mortgage to NRAM. Mrs B is also unhappy with the interest rate she has been charged and believes that NRAM have made her a mortgage prisoner by charging her more than comparable rates on the market. Because of this, she said she has overpaid by thousands of pounds which she wants NRAM to refund to her. Mrs B is also unhappy that NRAM declined her request for a payment holiday.

What happened

Mrs B took out a mortgage with Northern Rock in 2006. The mortgage offer dated 23 May 2006 shows she borrowed £109,090 plus £1,636 in fees, on an interest only basis over a term of 25 years. The interest rate was fixed for two years at 5.09% and would then revert to the Northern Rock standard variable rate (SVR) which at the time was 6.59%.

In 2008, Northern Rock collapsed and was later nationalised. Mrs B's mortgage was transferred to Northern Rock Asset Management. Mrs B sold her property and paid the mortgage off in full in 2022.

In early 2014, Mrs B requested a payment holiday and on 29 April 2014, Northern Rock Asset Management wrote to her letting her know her request had been declined as it didn't meet their lending criteria. In this same year, Northern Rock Asset Management rebranded as NRAM.

The mortgage continued to be charged interest on the SVR until 2022 when the mortgage was redeemed, with little contact between both parties.

In 2024, Mrs B complained to NRAM stating she never consented to her mortgage being transferred to NRAM. She also said she was trapped paying a high rate of interest on her mortgage with NRAM. She said she was unable to move or sell her property as it was in negative equity. She wanted a refund for what she believed she had overpaid. Mrs B also complained that NRAM wouldn't allow her to access any other interest rates and kept her on the SVR. Mrs B also said that NRAM wouldn't allow her to take a payment holiday when she asked for one.

NRAM issued a final response letter on 12 November 2024. They said Mrs B's complaint about the transfer to NRAM was made outside of the relevant time limits. They explained that Mrs B's mortgage was charged interest in line with the terms and conditions of the mortgage and that Mrs B was free to remortgage to another lender without penalty – which she didn't do. NRAM also said that Mrs B didn't request a payment holiday in the last six years and in any event, any such request would be subject to her meeting relevant criteria.

Mrs B didn't agree with this so she brought her complaint to the Financial Ombudsman Service where it was looked at by one of our investigators. The investigator felt that NRAM had acted fairly and didn't think Mrs B's complaint should be upheld.

Mrs B didn't agree with this. In summary, she made the following comments:

- She did complain to NRAM about the payment holiday being declined and wanted support with a new interest rate.
- The transfer of her mortgage to NRAM meant they didn't offer any payment holidays

or new mortgage products. She questions why it didn't go to a mainstream lender.

- She wasn't able to move her mortgage to a new lender because the country was in recession and her property was in negative equity.
- Mrs B said the relationship between her and NRAM was broken and they acted unfairly in all their dealings with her by offering no support.

NRAM responded and welcomed the investigator's opinion on the basis that it wasn't upheld and agreed with the outcome overall.

As Mrs B didn't agree with the opinion of the investigator, she asked for the complaint to be reviewed by an Ombudsman, so it's 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.

NRAM has said that Mrs B's complaint points in relation to the interest rate, consent to transfer the mortgage to NRAM and the payment holiday issues are out of time. They said we can only consider the interest rate charged from 4 November 2018. But this buy to let mortgage was unregulated and ongoing until it was repaid in 2022, so I can consider whether the interest charged, the transfer to NRAM and the payment holiday request being declined resulted in an unfair relationship between NRAM and Mrs B which NRAM would be responsible for putting right. However, I am not persuaded this, or the other parts of Mrs B's complaint should be upheld. I'll explain why.

Interest rate and being a mortgage prisoner

Following Northern Rock's collapse in 2008 and their subsequent nationalisation, they couldn't offer new lending or any new interest rates to their existing customers. NRAM didn't offer new interest rate products to any customers, so in not offering Mrs B a new rate, they didn't treat her differently from any of their other borrowers. There's nothing in the rules of mortgage regulation, in the regulator's guidance to mortgage lenders, or in the terms and conditions of Mrs B's mortgage to say that NRAM had to offer her a new fixed rate or a lower interest rate when her initial fixed rate ended.

I therefore can't reasonably agree that NRAM did anything wrong in not offering Mrs B a new interest rate. They shouldn't have put barriers, such as early repayment charges in the way of her re-mortgaging to a new lender. And I don't think they did as there were no early repayment charges to her mortgage after 2008 when the fixed rate ended. I do acknowledge that she was in negative equity and the difficulties she would have had in trying to move her mortgage elsewhere, but this isn't something that I can hold NRAM responsible for.

From the contact notes I've been provided with, there was very little contact between NRAM and Mrs B throughout the mortgage, but I've not seen any evidence of Mrs B asking NRAM for a new interest rate or support. But even if she did ask for a new interest rate, this wasn't something that NRAM were able to offer her.

I've considered the arguments that Mrs B has made about the interest rate on the mortgage as she believes she's been charged an unfairly high rate of interest. In doing so, I've taken into account earlier changes to the SVR which taken together, contributed to the level of the SVR charged during the period I can consider – from 4 November 2018.

NRAM was entitled under the mortgage terms and conditions to vary the SVR from time to time, subject to the limits on doing so in the terms and conditions. There's nothing in the mortgage offer or conditions to say that the SVR had to track the Bank of England base rate or a particular reference rate. Primarily, the changes NRAM made to the SVR were to take

account of changes in external interest rates such as the Bank of England base rate, and to reflect changes in the cost of funding their mortgage business.

I haven't seen any evidence that they set or varied the SVR in an unfair way, so I don't think I can reasonably find that the level of SVR they charged Mrs B was unfair or that it resulted in an unfair relationship between her and NRAM.

Mortgage transfer to NRAM

The original terms and conditions of Mrs B's Northern Rock mortgage state that a lender may assign the benefit of their charge to another person at its absolute discretion. NRAM didn't require Mrs B's consent for the mortgage to be transferred to a new provider. Mrs B's terms and conditions didn't change following this transfer, so it hasn't caused her any detriment. I therefore can't agree that this resulted in an unfair relationship.

Payment holiday

The mortgage offer shows that Mrs B was entitled to request a payment holiday which was subject to the lender's agreement. From the contact notes I do have, it looks as though Mrs B had a payment holiday agreed in 2013. But Mrs B requested another one in 2014. This request was referred to NRAM's underwriters who didn't agree to it. I don't have the underwriting notes due to the passage of time – which isn't unusual - so I can't give specifics as to why it was declined. However, there is nothing that I can see that would indicate that NRAM didn't appropriately consider the request against their lending criteria or unfairly reject the request. The letter they sent out did confirm that the request didn't meet their lending criteria at the time. Because of this, I don't think this decision resulted in an unfair relationship between NRAM and Mrs B.

My final decision

For the reasons given above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs B to accept or reject my decision before 8 September 2025.

Maria Drury
Ombudsman