

The complaint

Mr and Mrs B are unhappy with the service they've received from Nationwide Building Society in relation to the Partnership Mortgage they took out several years ago. They don't believe that Nationwide explained early enough that there were other options to repay the equity share in their home, other than selling the property.

What happened

In 1989, Mr and Mrs B took out a mortgage with Nationwide to purchase a property.

The mortgage taken by Mr and Mrs B was a 'partnership mortgage'. Under this scheme, which was specifically for healthcare workers living and working in the London area, Nationwide offered mortgages at a reduced interest rate which was a discount of one third on Nationwide's Base Mortgage Rate. It also allowed increased borrowing compared to standard mortgages – by using higher income multiples in the calculation of the amount which could be lent.

In exchange for these terms, borrowers agreed to Nationwide being entitled to a share of the increase in the value of the property. The size and share depended on the level of borrowing compared to the price of the property – the loan to value ratio (LTV).

Mr and Mrs B said they originally thought that the only way to repay the share in the property was to sell their home. They said that Nationwide didn't tell them earlier enough that there were other options available to repay the share. They said they asked Nationwide about exiting the partnership mortgage in 1992 and 2008 but they were told again they had to sell their property.

Mr and Mrs B said that this prevented them from obtaining a lower interest rate on the mortgage over the years. They did say however that Nationwide did give them an alternative option in 2016, but by this point the value of their property had increased which would mean paying Nationwide back a larger share – which they did not want to do.

Mr and Mrs B also said that in 2008 and 2016, Nationwide allowed them to come out of the partnership mortgage and agreed to new terms – but soon after they put them back on the partnership mortgage which Mr and Mrs B don't think they were allowed to do legally.

The Investigator didn't uphold the complaint. He didn't think that Nationwide had acted unfairly but said that even if he thought something had gone wrong, Mr and Mrs B didn't do enough to mitigate their losses due to the amount of time it had taken them to bring the complaint to our Service.

Mr and Mrs B didn't agree. In summary, they made the following comments:

- Nationwide allowed Mr and Mrs B to exit the partnership mortgage on two occasions and then changed their mind. This was done in July 2008 and 2016.
- Mr and Mrs B made reference to 'The Homemaker Partnership Booklet' which was the point-of-sale material given to members when the mortgage had been taken out. They said that Nationwide told them that it had never been reprinted but there are two copies, both of which deny members the right to stay in their property and exit the mortgage.
- The assumption made by the Investigator that they were in negative equity in

March 1992 is incorrect. They supplied information which showed that house prices had not increased between 1989 and 1992. They had previously owned a property and put down a large deposit when they purchased the new property in 1989.

- Mr and Mrs B believe we are giving the benefit of doubt to Nationwide. There was a partnership mortgage supplementary agreement document from 2008 and Nationwide have 'lost' this document. They have only been given a blank copy of this.

As Mr and Mrs B didn't agree with the Investigator's outcome, they 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.

I'm able to consider what has happened over the duration of the mortgage to see if an unfair relationship has been created between Mr and Mrs B and Nationwide that needs to be put right. This means I'll be able to consider events that took place more than six years ago that may have led to any potential unfairness over the lifetime of the mortgage.

I've given careful consideration to all the submissions made by both parties, but I won't address each and every point that has been raised. I'll focus on the matters that I consider most relevant to how I've reached a fair outcome – in keeping with the informal nature of our service.

I note that Mr B has asked to speak to the deciding Ombudsman before a decision is reached. I've considered his request, but I don't think that's necessary. Having read the file, I'm satisfied I have enough information to fairly decide this case without discussing it with Mr B. Generally, Ombudsmen won't speak to either party before issuing a decision on a case. This helps ensure the impartiality and independence of the Ombudsman when making a decision.

The first thing to point out here is that Mr and Mrs B had another complaint with our Service in relation to this partnership mortgage. That complaint was about Nationwide requesting a share of the property once it had been sold where they cited a supplementary mortgage agreement that Mr and Mrs B had signed. Mr and Mrs B, in that complaint, said that they were only provided with a blank document. The Investigator that looked into that complaint didn't uphold it. He said that *'on balance he thought that Mr and Mrs B would've signed the supplementary partnership agreement'*.

So anything in relation to this specific complaint will not be addressed in this decision as our Service has already given Mr and Mrs B an answer on that. However, I may bring it up in context as it's closely linked to what Mr and Mrs B complain about now.

The crux of the complaint here is that Mr and Mrs B do not believe that Nationwide told them early enough, that they didn't have to sell their home in order to repay the equity share back to Nationwide.

Mr and Mrs B said that Nationwide hadn't explained to them that they had the option of deferring interest crystallised to them. The deferred interest is the amount owed to Nationwide based on their share of the increase in value of Mr and Mrs B's property. Mr and Mrs B say they were not given the option of requesting a valuation to establish the value of their property to then be able to repay Nationwide within a two-month period of obtaining that valuation, at any point during the lifetime of the partnership mortgage.

Mr and Mrs B also argue that Nationwide did allow them to come out of the partnership mortgage on two occasions in 2008 and 2016 but Nationwide then put them back on it – which Mr and Mrs B do not think is fair or allowed.

Mr and Mrs B have therefore said that they tried to exit the partnership mortgage in March 1992, July 2008 and May 2016. They have raised questions as to why they were not offered any other options.

Mr and Mrs B have highlighted letters which were exchanged between them and Nationwide in 1992 where they have said that Nationwide should have made them aware at the time of the option to convert the mortgage to repayment by repaying deferred interest.

The information provided by Nationwide shows that Mr and Mrs B were looking to change the interest rate on the partnership mortgage and doesn't look like they were looking to end the agreement altogether. Nationwide dealt with this as a rate change enquiry, and I have seen a copy of the letter that was sent to Mr and Mrs B from March 1992 which said it's not possible to convert the mortgage to a fixed rate because it's a partnership mortgage. I can't see from this, that this request meant that Mr and Mrs B wanted to end the agreement and I don't think it's reasonable to suggest that Nationwide would conclude this either.

I can't see anything that suggests that if Mr and Mrs B couldn't change the interest rate on their mortgage, that they specifically asked for the agreement to end which would have meant they repaid the deferred interest and changed the mortgage from interest only to repayment.

Mr and Mrs B also said they told Nationwide they wanted to end the agreement in 2008 and 2016 and that they failed to provide them with the relevant information to allow them to do so. Having looked at the contact notes that Nationwide have provided, I can't see that Mr and Mrs B asked for this specifically. I appreciate that Mr and Mrs B said they did, but I find the contact notes a reliable source of evidence which I need to consider. Based on what I have seen, I'm not persuaded that Nationwide failed to provide important information to Mr and Mrs B.

But it does look like Mr and Mrs B asked for a new interest rate as I've seen copies of mortgage offers from both 2008 and 2016. Mr and Mrs B said that Nationwide allowed them to exit the partnership mortgage only to put them back on it. They now question why this legal document can only legally bind them to the agreement and not Nationwide. They said this demonstrates an unfair relationship. From what I can see, it looks like these requests were for a new interest rate and not a request to exit the partnership mortgage. As I've said above, Nationwide couldn't change the interest rate on the partnership mortgage, and this should not have been done which is why Mr and Mrs B were taken off it because a change in the interest rate isn't permitted on a partnership mortgage. These requests do not look like specific requests to exit the partnership agreement.

I've thought about what Mr and Mrs B would have done differently even if I were to find that Nationwide had failed to provide the information they should have done (which I haven't). Mr and Mrs B believe that had they been told, they could have converted the mortgage to a repayment mortgage to avoid the equity share increasing.

The thing to think about here, is the partnership mortgage was the right thing for Mr and Mrs B at the time due to the benefits attached to it and Mr and Mrs B clearly felt it suited their needs at the time. The affordability assessment wasn't as strict as a standard mortgage application and there was a reduced interest rate. So I think it's likely that Mr and Mrs B would've taken out the partnership mortgage anyway.

The issue is what Mr and Mrs B think Nationwide failed to tell them. They said that in 1992, the value of their property would likely have increased and had they known sooner that they could have had the property valued, they may have ended up paying back less of the share to Nationwide. I am not disputing that as such.

Ultimately, even if Nationwide did fail to tell Mr and Mrs B information about paying back the equity loan without the need to sell their property, I have to think about what Mr and Mrs B have done to mitigate their losses. So, in other words, were there any other actions that Mr

and Mrs B could have taken to reduce the impact that they now complain of, namely the equity share that they owe Nationwide.

As I've already mentioned above, Mr and Mrs B complained about receiving a blank copy of the partnership agreement in 2016. This was a complaint we had already looked at where we said that it was likely that one was signed by Mr and Mrs B. But they didn't complain about this until 2024 and we didn't uphold the complaint.

Mr and Mrs B also complained about the terms of the partnership agreement and based on what they have said and the dates in question, it's likely that had they raised a complaint in 1992 or 2008 about this, they would more than likely have been given the information they asked for. This would have given them the option to mitigate their losses which is what they said they would have done.

I don't agree that the lack of reference to the options for exiting the partnership agreement in the Homemaker Partnership Booklet is clear evidence of unfairness. This option was clearly detailed in the supplementary partnership agreement which our service already concluded was likely provided and agreed to.

I haven't seen anything that leads me to think there is any unfairness here regardless of the fact that Mr and Mrs B delayed bringing their complaint to our service. I therefore see no reason to uphold this complaint.

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 Mr B and Mrs B to accept or reject my decision before 23 October 2025.

Maria Drury
Ombudsman