

## **The complaint**

Mrs S complains that Nationwide Building Society declined her application to take on a mortgage in her sole name.

## **What happened**

Mrs S has a mortgage in joint names with her now ex-husband. When they separated, Mrs S took on responsibility for paying the mortgage on her own. It fell into arrears. Mrs S later obtained support for mortgage interest (SMI) payments towards the mortgage.

As part of mediation, a lump sum was paid to reduce the mortgage balance on the understanding that Mrs S would take on the mortgage on her own or sell the property – so that her ex-husband could be removed from the mortgage. But when Mrs S applied to take on the mortgage, Nationwide declined her application.

Mrs S complains that the decision made by Nationwide is unfair. She said that the reduced mortgage balance is clearly affordable for her and she has put forward proposals including adding her father as guarantor for the mortgage or paying six months upfront. She said she was a victim of economic abuse and it was unfair for Nationwide to take into her credit rating. Mrs S said that her ex-husband does not contribute to the mortgage and he's agreed to be removed from it – so it makes no sense for Nationwide to decline the application.

The investigator did not think the complaint should be upheld.

Mrs S did not accept what the investigator said. She responded to make and re-emphasise a number of points, including:

- She experienced domestic and economic abuse. Through mediation it was agreed her ex-husband would come off the mortgage. He does not pay anything towards the mortgage – she is solely responsible for it.
- She has enough disposable income to pay the mortgage comfortably.
- It was Nationwide that encouraged her to take SMI. It did not explain that it might be an issue.
- If the mortgage is not transferred to her sole name, she will have to sell the property. That would be devastating for her and her children. She would not be able to get another mortgage because of her credit rating.
- She worked with Nationwide when the mortgage was in arrears – and it was only in arrears because she was going through a divorce.
- She could pay six months up front or get her father to guarantee the mortgage.
- She has a secure job and is overpaying on the mortgage. She does not have to pay back the SMI until the property is sold – so it should make no difference to the affordability of

the mortgage.

- Nationwide should have a “duty of care” to her and her children.

### **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.

When Nationwide agreed the mortgage it was in joint names. So it is reasonable for it to carry out a new affordability assessment when Mrs S applied to have the mortgage in her own name.

The application was made in June 2025. So I’m looking at whether it was fair for Nationwide to decline the application at that time. While it is reasonable for Nationwide to assess the application against its usual criteria, in the circumstances it should also carry out a wider assessment of whether it is in Mrs S’s best interest to have the mortgage in her sole name.

I am satisfied that initially Nationwide assessed Mrs S’s application in line with its usual criteria. It declined the application for a number of reasons including affordability, the payment history of the mortgage and adverse information on Mrs S’s credit file. Those were all legitimate reasons for Nationwide to decline an application.

As I’ve said, in the circumstances, it might not be fair for Nationwide to strictly apply its usual policy. It should consider whether removing Mrs S’s ex-husband from the mortgage is in her best interests.

On the face of it, removing Mrs S’s ex-husband from the mortgage is in her interests. It is what she wants, he does not contribute to the mortgage and it will allow both parties to move on with their lives. That is a significant factor – but it is not the only thing that Nationwide should consider. Whether the mortgage is affordable and sustainable is an important consideration. It would not be fair for a lender to conclude it was in a borrower’s best interests to take on a mortgage that did not appear to be affordable.

I can see that Nationwide referred the application to its underwriters. They reviewed the information available to them and noted the poor payment history on the mortgage and that Mrs S was using SMI to support the payments to the mortgage. Nationwide said that the issue is that it does not demonstrate that Mrs S can afford the mortgage without support. Further, after the lump sum payment was applied to the mortgage Mrs S has not always paid the full amount due – despite continuing to receive SMI.

Overall, I consider it was reasonable for Nationwide to decline the application based on the information available to it. The information it had did not support that the mortgage was affordable or sustainable in Mrs S’s sole name. It is not obliged to accept a guarantor. And even if Mrs S could pay a lump sum up front, that does not necessarily support the longer term sustainability of the mortgage.

Nationwide has said if Mrs S has cleared the adverse information from her credit file and can provide evidence to support her claim of economic abuse then it will look at Mrs S’s request again. It said Mrs S would need to submit a new application, but she can quote this complaint and her previous decision in principle reference.

### **My final decision**

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs S to accept or reject my decision before 11 March 2026.

Ken Rose  
**Ombudsman**