

The complaint

Mr D complains that, although he kept in touch with Nationwide Building Society and paid towards his mortgage each month while his house sold, Nationwide told Credit Reference Agencies that he'd missed these payments, so he couldn't get a new mortgage now.

What happened

The mortgage which is the subject of this complaint, has now been redeemed. Mr D was one of two parties named on this mortgage. In the circumstances of this complaint, our service has agreed to consider a complaint brought by Mr D alone.

Mr D said he'd been paying towards the mortgage until it ended in December 2024. He said he had understood he was doing this under an agreement reached with Nationwide, from March to November 2024. Mr D said he'd only realised that this whole period wasn't counted as an arrangement to pay, when he applied for a new mortgage in January 2025.

Mr D said one payment arrangement was agreed for March to June, then in June he got a letter saying his payment arrangement had ended. He told us he called Nationwide then, and he said it agreed informally to a further payment plan, while the property sale completed.

Mr D said he'd been paying £660 per month, but his credit report showed nil payments for the second half of 2024. And Mr D said although Nationwide had accepted he was in an arrangement to pay at the start of 2024, even that wasn't reflected properly with all the of the Credit Reference Agencies ("CRAs"). Mr D thought that was more evidence of errors by Nationwide.

Mr D said he'd only found out later that the other party named on the mortgage had withdrawn her consent to any payment arrangement, as of June 2024. Mr D said he was never told this at the time. And he said he didn't get post from Nationwide, it was only writing to him at the property address although it knew he didn't live there any more. If any correspondence sent there named both parties, it wasn't passed on to him.

Mr D said the other party was obliged to agree to any payment arrangement on the mortgage, and if Nationwide had ever told him this consent had been withdrawn, he could have asked his lawyer to resolve it. He sent us a court order which does oblige both parties to work towards negotiating a payment arrangement with Nationwide. Mr D also said if that hadn't worked, he would have found some way to make the full payments for the mortgage.

Mr D said he wanted to buy a new home, but he couldn't get a mortgage now. He said he knew he hadn't made the full payments during 2024, but he didn't think it was fair that his credit file didn't reflect the arrangement he thought he had reached with Nationwide.

Mr D said he'd complained, but Nationwide didn't think it had made a mistake. It had offered him £125 for the time it had taken to review the complaint.

Mr D wanted his credit file to show that he was in an arrangement to pay for the period April 2024 to November 2024. He said that would reflect how he'd stayed in communication with it

throughout this time, and that substantial payments were made in each of those months. He said he also wanted all of the CRAs to be provided with the same consistent information.

Nationwide said Mr D's mortgage was in arrears from early 2024. It had agreed a payment arrangement with Mr D for April, May and June 2024, but Nationwide told us it then hadn't agreed to accept £660 per month from Mr D. It said Mr D's income and expenditure didn't support what he wanted to pay, and it wouldn't agree a payment arrangement that would put him in financial difficulties.

Nationwide also said this had been a joint mortgage, and it couldn't agree an arrangement to pay without the consent of both parties. The other account holder had withdrawn consent to any agreement in June 2024, which is why no further formal arrangements were in place after this.

Nationwide said what it had reported was an accurate reflection of Mr D's repayment history, so it wouldn't change that now.

Our investigator didn't think this complaint should be upheld. He didn't think Mr D could afford a payment arrangement in the later half of 2024, and said Nationwide couldn't agree to this anyway if the other party on the mortgage wouldn't consent to an agreement being in place. He thought Nationwide had correctly reported Mr D's arrears, and he said that any variations between the CRAs wouldn't be Nationwide's fault.

Mr D disagreed. He didn't think his complaint had been looked into properly. He reminded us about his court order, and said he did think this was relevant. He said when the other party on the mortgage had previously withdrawn consent to lower payments put in place under the Mortgage Charter, he'd been able to get that arrangement reinstated, and he thought he could have done that again if Nationwide had told him about what the other party had done.

Mr D wanted to stress that he had been paying £660 per month, and that Nationwide itself had said this was "agreed informally". And he'd kept in touch with Nationwide throughout.

Mr D said he'd also complained that Nationwide delayed in responding to a subject access request he'd made, and the Information Commissioner had upheld that complaint, but our service said Nationwide's previous payment of £125 made up for that.

Our investigator didn't change his mind. Because no agreement was reached, this case then came to me for a final decision. And I then reached my provisional decision on this case.

My provisional decision

I issued a provisional decision on this complaint and explained why I did propose to uphold it. This is what I said then:

In 2023, Mr D asked Nationwide to apply forbearance under the Mortgage Charter arrangements. This agreement was cancelled by the other party to the mortgage. But it was then reinstated.

As part of Mr D's divorce from the other party named on the mortgage, he and his ex-wife agreed a court order which would stop this from happening again. The order said Mr D would keep paying £660 per month towards the mortgage. And it said that if Nationwide was no longer satisfied with this amount, both parties would engage in discussions with Nationwide to renegotiate a payment plan which was acceptable to it.

Mr D agreed a payment arrangement with Nationwide, in line with this order. Nationwide has told us this covered April, May and June 2024, but I've seen a letter Nationwide sent

to Mr D which confirmed a concession was in place from March to June 2024. That's four months, not three. I'll come back to this, but first I'll explain how credit file reporting works.

Mr D was already behind on his mortgage payments. So, during this period, Nationwide should have reported arrears on Mr D's mortgage, and also reported this arrangement to pay.

To be clear, what Nationwide reports, isn't whether Mr D has made a payment each month or not. Nationwide reports two things –

- 1) Whether Mr D's mortgage is more than the amount of one monthly payment in arrears, and if he is in arrears, how many of his monthly mortgage payments those arrears add up to.
- 2) Whether Mr D has reached an agreement with Nationwide, to pay less than the monthly payment each month.

So even if Mr D had reached an agreement to pay something each month, if that meant he fell behind on his mortgage by more than the amount of one of his ordinary monthly payments, his credit file would still show arrears. When there are arrears of over one month's payment amount, Nationwide reports a number to the CRAs each month, which is the number of monthly payments Mr D is in arrears by.

But if Mr D had reached an agreement with Nationwide to pay less, then his credit file should also show this. That's to reflect that Mr D has taken a responsible approach to his financial difficulties, discussed the problem with his lender, and come to an arrangement on what he can pay, for now. It's up to future lenders to decide whether this means they will lend to Mr D, or not, but they will at least be aware that Mr D had addressed the financial problems he'd faced, and made an effort to pay what he could.

I will ask Nationwide to ensure it has reported a payment arrangement for March through to June 2024, in line with the letter it sent to Mr D. And I'll now look at the period after this arrangement.

Mr D knew his agreement with Nationwide had ended in June. But he didn't know then that the other party to the mortgage had refused consent to any further agreement. I appreciate that Mr D doesn't appear to have given Nationwide a new address for him, and he should have done so. But this doesn't seem to have caused the problem, because it doesn't appear that Nationwide took any steps to tell Mr D about this change of position by the other party to the mortgage, at the time.

Given the court order that both parties had agreed to, I do think it's likely Mr D could have obtained the other party's agreement to a further payment arrangement with Nationwide, if he'd been aware that there was a problem. But it doesn't look as if he was.

I know Nationwide has said it couldn't have agreed to accept £660 from Mr D anyway. It says it didn't want to agree to anything that would cause financial hardship. I think it may have reconsidered that view, if it had realised Mr D was already obliged by a court order to pay this much. Or it may simply have agreed a lower amount, which would still have allowed it to report to CRAs that Mr D was in an arrangement to pay.

I do think it's likely that a payment arrangement could have been reached after June 2024, and I think the reason that didn't happen, is because Nationwide accepted and

acted upon the other party's objection to any arrangement, without sharing this development with Mr D. I don't think that was fair and reasonable in this case.

In line with the above, I don't think Nationwide has to remove the reporting of arrears from Mr D's credit file. He wasn't keeping up to date with his payments, so it's not unfair for his credit file to reflect that. But he was keeping in touch with Nationwide about this debt, and paying what he had offered each month. So I think Nationwide should amend Mr D's credit file to add an arrangement to pay for all the months following the arrangement which started in March 2024, until this mortgage was redeemed.

There's a further complicating factor here. Mr D said not all the CRAs showed the payment agreement for April, May and June. Mr D may wish to recheck what his credit file shows, once Nationwide has made the requested amendments. And he may wish to bear in mind that Nationwide is responsible for the reporting it does to CRAs, but isn't then responsible for how they display this information. Unfortunately it's not unusual to see differences in how credit file information is presented.

Mr D has told us about the impact he thinks this credit file reporting had on him, so I know he considers Nationwide's mistake has meant he was unable to secure an affordable mortgage. However, I think it's likely Mr D would always have found it very difficult to borrow from a high street lender in early 2025, with considerable mortgage arrears showing on his credit file from 2024. Unfortunately, I think that would still have been the case even if Nationwide had recorded an arrangement to pay in the way I'm now asking it to do. So I don't think Nationwide has to pay Mr D compensation to make up for the fact he hasn't yet been able to get a new mortgage, as I don't think it's likely he could have secured this, in any event.

I do think Nationwide should pay compensation for failing to inform Mr D at the time that it would no longer agree any arrangement to pay with him after June 2024. I will also take into account that Nationwide then delayed in providing the response to Mr D's subject access request. He wanted that information to move this complaint forwards. So Nationwide has caused Mr D considerable stress, and delayed the resolution of this complaint. Because of that, I think Nationwide should pay Mr D £400 in compensation, in addition to the payment of £125 it has already made.

Either side can send further evidence or argument if they wish, and my decision may change in response to this. But on the evidence I've seen to date, I think the above would provide a fair and reasonable outcome to this complaint.

I invited the parties to make any final points, if they wanted, before issuing my final decision. Both sides replied.

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.

Mr D said he accepted my provisional decision, and wanted to thank our service for the work to get to this result. Nationwide asked for a little more time to respond, then wrote to say it also accepted the provisional decision.

Nationwide wanted to offer some additional information. It said if one account holder removes permission to agree plans then there is no process to automatically reach out to the other account holder about this, unless there was currently a plan in place which needed to be removed. Nationwide said in cases like this one, it would just note the account holder's

preference on the account, and if Mr D had asked for a further concession, it would have told him why it could not agree this.

So Nationwide said if Mr D had actually asked for any further payment plan after the one which ended in June 2024, he would have been told why Nationwide couldn't agree a further concession, and he would have had the opportunity to speak to the other account holder.

Nationwide said the last conversation it had with Mr D about a plan was on 18 June. The earliest reference it could find from Mrs D about removing permission was later than this, but it thought this may have happened just after it spoke to Mr D in June.

Nationwide said it thought it may have caused confusion by saying it wouldn't have been able to agree a plan. It said there is a difference between it generally not being able to agree a plan and declining to agree a plan. Nationwide said if it had declined to agree a plan Mr D would have then been provided with the information I'd said he needed. But Nationwide said the only declined plan was on the grounds of affordability.

It appears Nationwide may now be saying it had previously only intended to suggest it wouldn't have been able to agree a plan with Mr D, if he had asked, but that he didn't in fact ask for a plan after June 2024. Nationwide also now seems to be saying that if Mr D had asked for a payment plan after June 2024, then the issue of his ex-wife not agreeing to this would have been discussed with him. But I'm not clear that the notes Nationwide has sent us support this contention, as there do appear to be notes about whether Mr D could afford a plan, from a conversation with him that Nationwide noted in July 2024. Mr D doesn't appear to have been told then about the issue of his ex-wife's disagreement, although other notes, as Nationwide recognises, suggest that his ex-wife had removed permission for any such arrangement before this. So I haven't changed my mind about what went wrong here.

I should also note I now understand that Nationwide has no standard process to proactively tell one party if another party removes permission for any payment arrangement to be added to the joint mortgage. That would not change my decision in this case.

Nationwide said it would not key a plan that someone couldn't afford, even if there was a court order. But it said here, Mr D had made the payments, so it thought his income and expenditure information might have been wrong.

Nationwide said it would accept my decision, pay Mr D the £400 I'd suggested and amend his credit file as required.

For the above reasons, I haven't changed my mind in this case. So I'll now make the decision I originally proposed.

My final decision

My final decision is Nationwide Building Society must amend Mr D's credit file, so that it shows him in a continuing Arrangement to Pay from March 2024, until the mortgaged property was sold and the mortgage redeemed. Nationwide Building Society must also pay Mr D £400 in compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 31 December 2025.

Esther Absalom-Gough

Ombudsman