

The complaint

Miss M complains that Nationwide Building Society paid a demand from the management company of her leasehold property and added the amount to her mortgage balance.

What happened

Miss M has a mortgage with Nationwide. She's also in dispute with the property's management company. The management company obtained a County Court judgment (CCJ) in December 2024. It wrote to Nationwide asking it to pay the judgment sum.

Nationwide wrote to Miss M on 10 February 2025. It said that Miss M should contact it within 14 days, and if she didn't it would pay the demand.

When Nationwide didn't hear back, it sent payment to the solicitors for the management company, and wrote to Miss M telling her it had added the payment to the mortgage balance.

Miss M got in touch with Nationwide. She said she hadn't received the first letter. She didn't agree with it making payment and said she was in dispute with the management company. She had applied to the court to set the CCJ aside (which has since happened).

Nationwide said it hadn't known Miss M was in dispute at the time of the payment and it hadn't heard from her. It recalled the payment from the management company and removed it, together with interest, from her mortgage balance.

Miss M complained. Our investigator said that Nationwide should also pay £150 compensation, because he didn't think Nationwide should have made payment even though it hadn't heard from Miss M. Nationwide didn't agree and asked for an ombudsman to review the complaint. It said it was entitled to make payments to protect its security.

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 agree that under the terms and conditions Nationwide is entitled to make payments on Miss M's behalf and add them to the mortgage balance. And it would be reasonable for it to do so where there's a risk to its security.

However, I'm not persuaded that was the case here. It's not clear from the demand from the solicitors whether the sums claimed were for leasehold ground rent, leasehold service charge, or estate rentcharges. But the letter from the solicitors asks Nationwide to make payment because the management company would otherwise be in financial trouble – not because Nationwide's security was at risk. The letter said that having obtained a CCJ, the solicitors were intending to take debt recovery action against Miss M and other leaseholders. There's no suggestion in the letter that it is intending to take forfeiture action. Clearly being subject to debt recovery action would have consequences for Miss M – but it wouldn't result

in Nationwide's security being put at risk.

It was reasonable for Nationwide to write to Miss M and tell it that the solicitors had been in contact, and to ask her what the situation was. But even when it didn't receive a response, I don't think it was reasonable for Nationwide to have made payment when it doesn't appear that its security was at risk – at the least, I would have expected it to have questioned with the solicitors what next steps the management company was intending to take before making payment.

Putting things right

In the circumstances, I agree that Miss M was caused distress and inconvenience when a payment was made, and added to her mortgage, when it wasn't clear it was necessary for Nationwide to do so. It's right that Nationwide recalled the payment when it learned that Miss M was taking steps to progress the dispute. But I don't think it should have been made without first making further enquiries to find out whether its security actually was at risk. I agree that compensation of £150 is fair.

My final decision

My final decision is that Nationwide Building Society should pay Miss M £150 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss M to accept or reject my decision before 6 January 2026.

Simon Pugh
Ombudsman