

## The complaint

Mr A's complaint relates to a mortgage he has with NATIONAL WESTMINSTER BANK PUBLIC LIMITED COMPANY (NatWest). He does not consider that NatWest has worked with him to facilitate the arrears on his mortgage being cleared and it has not removed adverse data from his credit file, as this Service ordered it to in 2023.

## What happened

Following the Covid-19 pandemic, Mr A has told us he was in some financial difficulties. This meant that he had been unable to keep up with the service charges and ground rent (the lease debt) on his home. He was also late making some payments to the mortgage. Mr A arranged with NatWest in October 2021 that it would pay the lease debt and add it to the mortgage. Subsequently, a dispute arose about the term over which NatWest required Mr A to repay the lease debt – the first increased payment was due in November 2021.

Other than a payment of £800 in November 2021, which covered the September and October 2021 payments, Mr A made no payments from September 2021 until September 2023. Mr A made one further payment in October 2023 and then stopped paying again. Both payments were for less than the contractual monthly payment (CMP).

A complaint was made about the term over which NatWest expected Mr A to pay the lease debt. When he was not satisfied with NatWest's response, Mr A asked this Service to consider the complaint.

In March 2023 an Ombudsman colleague considered the complaint. My colleague concluded that the time-period NatWest had asked Mr A to pay the lease debt over was not reasonable in the circumstances. They concluded that the repayment of the lease debt should be spread over the remaining term of the mortgage.

However, my colleague noted that even if that timescale was to be used, due to increases in interest rates and because Mr A had not made any payments towards the mortgage for over a year, the mortgage might not be affordable going forward. As such, the Ombudsman instructed NatWest to arrange for Mr A's situation to be assessed by a mortgage adviser and for the affordability of the mortgage to be assessed and a way forward agreed. The Ombudsman said that if it was established that Mr A could not afford the mortgage and arrears, NatWest should look at alternatives to address that situation, such as extending the term of the mortgage. In addition, NatWest was to remove any adverse data from Mr A's credit file from the point where the lease debt was added to the mortgage to the date of the decision and for another five months. The Ombudsman also awarded a sum of compensation.

Following the Ombudsman's decision, NatWest attempted to engage with Mr A during April, May and June 2023 regarding the affordability assessment the Ombudsman had required be done. Mr A was not willing to engage in that process until 26 June 2023. At that point it was established that Mr A had a disposable income of over £2,200 per month. NatWest said it would look into what options would be available to resolve the issues with Mr A's account. It was not until three months later that NatWest reverted to Mr A. When it did, what it told him

did not comply with the final decision it had received six months earlier, as it told him that he would have to repay the lease debt over a five-year period. Mr A responded by highlighting that NatWest was not complying with the final decision. NatWest said that it would go back to the complaints team to discuss this, and Mr A said he would start making payments. He didn't.

Mr A again said in October 2023 that he would start paying the CMP, but he said he would pay nothing towards the arrears. Mr A also told NatWest that this Service had told it to give him a back-dated interest rate product for the mortgage. NatWest said that Mr A would need to select a product from the currently available rates to replace the existing one when it ended the following month.

In the middle of November 2023 NatWest decided it would write off the lease debt and the interest that had accrued on it. It also sent instructions for all adverse data to be removed from Mr A's credit file to the end of October 2023. NatWest tried to contact Mr A about its decision, but it was not until around a month later it was able to speak to him. Subsequently, NatWest tried to discuss repaying the arrears with Mr A, along with adding a new interest rate product to the mortgage. Mr A said that he would call NatWest back to make arrangements, but he didn't do so. The next substantive conversation took place in April 2024 when Mr A said that he had been told by NatWest not to make any payments to the mortgage and so it should remove the adverse data it had reported after October 2024. He also said he would call back to discuss payment of the arrears, but he later said he would not make any payments until his credit file was cleared.

Mr A complained to NatWest that it had not done what it was meant to do in relation to his credit file. In addition, he was also unhappy that he had been told he could not add a new interest rate product to his mortgage because it was in arrears. NatWest responded in two emails. It upheld the complaint about the interest rate product as it was satisfied that the process for him to obtain a new product had not been explained properly. NatWest apologised and paid £100 compensation.

The complaint about the credit reporting was also upheld. It said that while it had instructed data to be removed, this instruction had not been completed. It was confirmed that this would be corrected and a further compensation payment of £350 was made to Mr A. In relation to the information reported about the main mortgage account, NatWest said that Mr A had always been required to deal with those arrears, but had not done so, despite NatWest's many attempts to make arrangements. As such, what it had reported more recently had been correct. NatWest also confirmed that the compensation had been paid.

Mr A was not satisfied with the responses he received and asked this Service to consider his complaint. One of our Investigators did so, but he didn't recommend that it be upheld. Mr A did not accept the Investigator's conclusions and asked that the complaint be referred to an Ombudsman. He said that the Investigator had not addressed the core of his complaint, which was about the amount he owes on the mortgage. He said that:

- The arrears are incorrect.
- Interest was applied to inflate the amount owed.
- There should be no ongoing negative information being recorded on his credit file.

Mr A said that until the amount of the arrears was established it was not possible for any fair resolution to be reached. He also said that he had been told by a member of NatWest's staff in 2021 not to make any payments to the mortgage while the issue was under investigation. He says as he followed this advice in good faith, he should not suffer any adverse consequences arising from it. Mr A explained that his interpretation of the final decision was

that he should not have to pay any additional interest, have no negative markers associated with his credit file and suffer no financial detriment.

### **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 we confirmed that Mr A had accepted my colleague's final decision, NatWest needed to take certain steps to comply with the decision. The simplest was to pay Mr A the £425 compensation that was awarded. While NatWest did make this payment, there was a delay in it doing so. In addition, NatWest had to amend the information it had reported to credit reference agencies between October 2021 to that point. It also needed not to report any further adverse data for April to August 2023. Again, NatWest didn't make the correction for the existing data when it should have done, and it also continued to report negative data. However, when NatWest did take action in this regard, it not only removed the negative reporting for the period it was required to by the final decision, it also removed it for another four months. I am satisfied that the additional period along with the £350 compensation NatWest paid Mr A is sufficient to compensate him for the poor service he received in this regard.

In relation to the lease debt and the arrears on the main account, my colleague required that NatWest allow Mr A to repay the lease debt over the remaining term of the mortgage. However, given that there were considerable arrears on the main mortgage and the relatively recent increases in interest rates, they were unsure whether paying the lease debt and repaying the arrears would be affordable to Mr A. As such, she required NatWest to assess the affordability of that situation. I am satisfied that NatWest tried to do so, but initially Mr A did not co-operate with that process. He actively refused to provide the information NatWest needed to make the required assessment until it told him what it would be doing for him. Unfortunately, this refusal meant that NatWest could not assess what it was able to do for him and give Mr A the answers he wanted.

When Mr A did agree to provide the information NatWest needed to assess the situation, several months later, NatWest determined that Mr A had a significant income that could be used to address the mortgage situation. Unfortunately, at this point NatWest made a further mistake. It told Mr A that he needed to repay the lease debt over a term of five years, rather than over the remaining term of the mortgage as set out in the previous final decision. Mr A pointed out this mistake, and it took more than another month for NatWest to decide what it was going to do. It decided that rather than make Mr A pay the money he owed for the lease debt, it would write it off, along with all the interest it had charged on the debt. While NatWest clearly made a further mistake and there were delays in reaching the eventual position, I am satisfied that NatWest writing off over £8,000 that Mr A owed was more than adequate compensation for these errors.

Mr A has said that he was told by a member of staff at NatWest that he should not make any payments to the mortgage until the issue regarding the term over which the lease debt would be repaid was sorted out. He has said that as he followed these instructions, NatWest should not have charged interest on the main mortgage CMPs from November 2021. In addition, the arrears should not be reported on his credit file, as they only occurred because of the instructions NatWest gave him.

I have reviewed NatWest's records of the contact it had with Mr A in 2021, and I have seen nothing that indicates Mr A's decision to stop paying the CMP was influenced by NatWest. It is also highly unlikely that a mortgage lender would do so, given the significant consequences this could have on a borrower; from adverse information being reported to

credit reference agencies to, ultimately, legal action being taken to repossess the mortgaged property. I also note that NatWest encouraged Mr A to start making payments again several times. In addition, as I have said, I am satisfied that NatWest took action in a timely manner that would have allowed an arrangement for the arrears to be set up within the five-month period the Ombudsman set out in her final decision, had Mr A co-operated with NatWest. As such, it was reasonable for NatWest to charge interest on the arrears linked to the main mortgage account. I am also satisfied that NatWest did nothing wrong in reporting these arrears after the period specified in the final decision.

Overall, while NatWest made some mistakes in complying with the Ombudsman's decision of March 2023, I am satisfied that ultimately, it tried to do so, but was hampered by Mr A. In addition, I consider the additional compensation it paid, along with writing off the lease debt and associated interest, was more than adequate compensation for the errors it made.

### **My final decision**

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

Under the rules of the Financial Ombudsman Service, I am required to ask Mr A to accept or reject my decision before 20 February 2026.

Derry Baxter  
**Ombudsman**