

complaint

Mr and Mrs L have complained that Nationwide Building Society has demanded payment in full on a judgment debt before it will remove a charging order on a property owned in the joint names of Mr and Mrs L.

background

Mr and Mrs L own a property in their joint names. In 2008 Nationwide registered a charging order against the property to secure a judgment debt for £3,196.25 in the sole name of Mr L.

In 2018 Mr L spoke to Nationwide's recoveries team. He offered to pay £500 in settlement of the debt. Nationwide said it would accept a reduced settlement of 70%, which was £1,967.87. But after Nationwide learned that the property was to be transferred into the sole name of Mrs L, and that she'd be remortgaging, Nationwide said it would only remove the charging order if the full amount was paid.

Mr and Mrs L were unhappy about this and complained to Nationwide, which didn't uphold the complaint. They complained to us. An adjudicator didn't think Nationwide had done anything wrong.

Mr and Mrs L asked for an ombudsman to review the complaint. They've made some further comments. First, they don't think that Nationwide has acted fairly by withdrawing its offer to accept 70% of the debt. They also say that they don't think that a debt that's been owed for so long could be paid by Mr L, as he is bankrupt.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. Having done so, I'm not upholding the complaint.

First, I've searched the Insolvency Register and there is no record of Mr L currently being bankrupt or in any arrangement with his creditors. But even if there was, this debt is secured against the property and so would take priority over unsecured debts.

I'm satisfied Nationwide is entitled to seek repayment of the full amount of the debt, particularly as Mr L is intending to transfer his interest in the property to Mrs L. I'm satisfied Nationwide only agreed to the 70% before it became aware that Mr L intended to remove himself from the title to the property. I don't think Nationwide's acted unfairly in asking for full settlement, in the circumstances.

I appreciate this is inconvenient for Mr and Mrs L, but charging orders exist in order that a creditor is able to be paid on an outstanding debt, by securing it against the debtor's property. So if Mr L wants to transfer his interest in the property to Mrs L, the debt will need to be paid so that this can be done.

my final decision

My decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr and Mrs L to accept or reject my decision before 27 July 2018.

Jan O'Leary
ombudsman