

### **complaint**

Ms E and Mr B complain that Northern Rock (asset management) plc, trading as NRAM, continued to charge interest despite Ms E entering into an individual voluntary arrangement (IVA). They want the bank to refund half of the interest added to the loan during the period of the IVA.

### **our initial conclusions**

The adjudicator did not recommend that the complaint should be upheld. He said that the IVA Ms E entered into was in relation to her unsecured debt and did not include her mortgage. The adjudicator said NRAM was entitled to continue charging interest.

Ms E did not agree with the adjudicator's view. She said that her request related only to the unsecured debt which was included in the IVA. Ms E said that her statements from NRAM show separately the unsecured and secured debt and the interest added. She said that interest on all other unsecured debt was frozen. Ms E wants half of the interest which she says was charged incorrectly as this is a joint debt. Ms E says that her liability ceased at the end of the IVA.

### **my final decision**

To decide what is fair and reasonable in this complaint, I have considered everything that Ms E, Mr B and the business have provided. Having done so, I find that I have come to the same overall conclusion as the adjudicator but for slightly different reasons.

The unsecured part of the joint debt to NRAM was included in Ms E's IVA. However, NRAM is not required to freeze interest, or a proportion of interest, when one party to a joint agreement enters into an IVA. That is because the parties to the debt are joint and severally liable for it, which means that NRAM can pursue either party for the whole amount due. In this case, that means that NRAM can look to Mr B to pay the whole debt, including interest.

**I am sorry to disappoint Ms E and Mr B but my final decision is that I do not uphold this complaint.**

**Under the rules of the Financial Ombudsman Service, I am required to ask Ms E and Mr B either to accept or reject my decision before 2 March 2015.**

*Louise Povey*

*ombudsman at the Financial Ombudsman Service*

The ombudsman may complete this section where appropriate – adding comments or further explanations of particular relevance to the case.

### **ombudsman notes**

#### **what is a final decision?**

- A final decision by an ombudsman is our last word on a complaint. We send the final decision at the same time to both sides – the consumer and the financial business.
- Our complaints process involves various stages. It gives both parties to the complaint the opportunity to tell us their side of the story, provide further information, and disagree with our earlier findings – before the ombudsman reviews the case and makes a final decision.
- A final decision is the end of our complaints process. This means the ombudsman will not be able to deal with any further correspondence about the merits of the complaint.

#### **what happens next?**

- A final decision only becomes legally binding on the financial business if the consumer accepts it. To do this, the consumer should sign and date the acceptance card we send with the final decision – and return it to us before the date set out in the decision.
- If the consumer accepts a final decision before the date set out in the decision we will tell the financial business – it will then have to comply promptly with any instructions set out by the ombudsman in the decision.
- If the consumer does not accept a final decision before the date set out in the decision, neither side will be legally bound by it.