

complaint

Mrs M complains that Northern Rock (Asset Management) plc (NRAM) acted irresponsibly when it agreed to provide a mortgage and unsecured loan to her and her then husband.

background

Mrs M and her ex-husband applied for a mortgage and associated unsecured loan from Northern Rock in 2005. The application was made through a broker. Mrs M and her husband subsequently divorced and the mortgage was paid off through the sale of the matrimonial home although a proportion of the unsecured debt remained outstanding.

NRAM later contacted Mrs M regarding payment of the outstanding debt. Mrs M complained that the debt was her ex-husband's responsibility and asked for her name to be taken off the account. She said that he'd agreed to take responsibility for the debt as part of their divorce settlement. NRAM responded by explaining that the debt was taken out in joint names and the parties were jointly and severally liable for the debt.

Mrs M then complained that NRAM had been irresponsible in selling the loan. NRAM said that it wasn't responsible for the sale of the loan or mortgage because the sale had been made through a broker. Mrs M then said that NRAM had failed to ensure that she had independent legal advice and that she had agreed to the loan under pressure from her ex-husband while the mortgage and loan was solely for his benefit to pay off his outstanding debts and support his new business.

The adjudicator in the case found that he couldn't consider the part of the complaint regarding the removal of Mrs M's name from the account because the complaint was brought to this service more than six months after NRAM's final response to that complaint. In relation to the sale of the mortgage and loan, he thought the complaint should be rejected because NRAM weren't responsible for the sale as it was made through a broker.

my findings

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint.

The joint application for the mortgage and loan was made through a broker. I therefore find that NRAM wasn't responsible for the sale of the loan.

I have carefully considered Mrs M's submissions regarding the need for NRAM to ensure that she had taken independent legal advice before agreeing to the loan because the money was intended for the benefit of her husband. I am satisfied, however, that the application form submitted by the broker to NRAM states that the purpose of the loans was consolidation of outstanding debt and that there was a confirmation that the remortgage funds were not to be used for business purposes.

While I sympathise with Mrs M's difficult situation, I am satisfied that NRAM wasn't put on notice that the remortgage was for her ex-husband's benefit and therefore there was no additional obligation on NRAM to ensure that she received independent legal advice about the implications of the secured lending.

Having studied the correspondence, I haven't considered the issue of removing Mrs M's name from the account because it was brought to this service more than six months after NRAM issued its final response letter on that point and NRAM objected to us considering it.

my final decision

It is my final decision that this complaint isn't upheld.

Susie Alegre
ombudsman