

complaint

Mr and Mrs M complain about their mortgage with Northern Bank Limited. They say that it was set up as an endowment mortgage. However they believe they had changed it to a repayment type mortgage in 2000. They say they did that to make sure they were not faced with a shortfall at the end of the mortgage term. In fact the mortgage was never changed and they now face an £11,000 shortfall. They want the business not to claim the shortfall from them.

background

The business said there was no evidence that the mortgage had been changed as Mr and Mrs M say it was. In addition the business says there were a number of opportunities for Mr and Mrs M to realise that their mortgage was still interest only supported by an endowment policy.

Our adjudicator agreed with the business. He said he could find no evidence that the mortgage had been changed. He also thought that by paying an extra £20 a month from 2000, receiving annual statements and having contact with the business in 2010 meant Mr and Mrs M should have realised what was happening.

Mr and Mrs M remain unhappy and I have been asked to look at the file.

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 that I agree that it would not be fair or reasonable to stop the business claiming the shortfall from Mr and Mrs M. I appreciate this is not what they want.

Mr and Mrs M say they saw the business in 2000 when they became aware that their mortgage endowment policy might mature with a shortfall. They say they specifically increased their monthly payments and changed to a repayment type mortgage at the time. They say they did that specifically to make sure there was no shortfall when the mortgage was due to be repaid.

There is no evidence from the business that a meeting took place in 2000. It is clear additional monthly payments were set up at the time. It seems the payments went from some £188 a month to £200 a month. However apart from that there is no evidence other than what Mr and Mrs M say that any change to a repayment mortgage was discussed. That of course would have been more expensive. It is also unlikely that any change of mortgage would have gone ahead without a formal set of documents being sent by the business.

I also cannot ignore the fact that as the business says, there were opportunities over the years for Mr and Mrs M to understand what was (or was not) happening. They spoke to the business at least once and received annual statements. Those statements would not have shown the amount of the mortgage debt reducing as would be expected had the basis of the mortgage changed. At the meeting in 2010 it seems another product was discussed and the fact that small overpayments were being made was noted. There is no evidence that the way the mortgage was being repaid was discussed.

I can see this is very difficult for Mr and Mrs M. To uphold a complaint however I would usually have to be persuaded that a business has got something wrong. Here I simply cannot say that. I would strongly suggest Mr and Mrs M seek advice on what they can do about their mortgage in the future.

my final decision

My final decision is that I do not uphold this complaint. Under the rules of the Financial Ombudsman Service, I'm required to ask Mr and Mrs M to accept or reject my decision before 11 April 2016.

Mike Boyall
ombudsman