

complaint

Mr F complains about a loan he took out Northern Rock (Asset Management) plc (trading as NRAM) and the way he has been treated in relation to that loan.

background

Mr F took out a joint mortgage and a loan with NRAM with his now ex partner. He says that his ex partner agreed to make all the loan repayments and the mortgage has been paid off.

In late 2011 Mr F says his ex partner missed a loan repayment. He says that NRAM did not tell him about this. He subsequently complained to NRAM about its failure to do so. He also complained about the interest rate NRAM was charging and that it had not treated him positively and sympathetically even though he was in financial difficulties.

NRAM investigated Mr F's complaint but did not uphold it saying that:

- the interest rate it was charging was in line with the terms and conditions that had been agreed:
- it was not under an obligation to let him know his ex partner had missed a payment; and
- it had treated him positively and sympathetically.

Mr F complained to us.

Our adjudicator considered that the interest rate NRAM was charging was in line with the terms and conditions that had been agreed. She did not, therefore, recommend that his complaint about the interest rate be upheld. Our adjudicator also considered that it was Mr F's responsibility to monitor the account as he was jointly and severally liable for the loan. She did not, therefore, recommend that his complaint about NRAM failing to notify him that his ex partner had missed a payment should be upheld.

Finally she did not recommend that Mr F's complaint about NRAM treating him positively and sympathetically should be upheld because he had not provided NRAM with his income and expenditure details and was in any event keeping up with his payments. Mr F disagreed with our adjudicator's recommendations and asked for an ombudsman to consider his complaint.

my findings

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

a) is the rate of interest NRAM is charging unfair?

I have seen the terms and conditions of the loan agreement Mr F and his ex partner signed when they took out the joint loan with NRAM. I am satisfied that the terms and conditions make it clear what interest rate would be charged in the event that the mortgage was repaid. In the circumstances, I agree with our adjudicator that this aspect of Mr F's complaint should not be upheld.

b) should NRAM have notified Mr F that his ex partner had missed a payment?

I am satisfied that Mr F's ex partner missed a payment in October 2011 and that NRAM did not notify Mr F at the time. However, I am also satisfied that NRAM does not apply charges until two payments have been missed and that it notified Mr F when this happened. I agree with our adjudicator that Mr F was jointly and severally liable for this debt at the time and, in the circumstances, agree that he also had an obligation to monitor the account. I appreciate the difficulties that this might have caused Mr F given that it was his ex partner who had agreed to repay the loan. However, I cannot say that NRAM did anything wrong when it did not notify Mr F that his ex partner had missed a payment in October 2011.

c) has NRAM treated Mr F positively and sympathetically?

If customers are experiencing financial difficulties, we expect banks to treat them positively and sympathetically. This means we also expect customers to provide details of their income and expenditure so that banks can assess the position. In this case, I am satisfied that NRAM gave Mr F a breathing space so that he could consider his options but that he has not provided NRAM with details of his income and expenditure. I am also satisfied that NRAM tried to contact Mr F to discuss payments on a number of occasions and that it was not always able to speak to him about his intentions going forwards. I appreciate that Mr F had a lot of other matters he was dealing with at the time. I cannot, however, say that NRAM did anything wrong in the circumstances.

Mr F has said that he would like to make a partial settlement offer but that NRAM will only consider this if he is in arrears. He has said that this is unfair as he wants to avoid adverse information going onto his credit file which would happen if he got into arrears. I appreciate what Mr F is saying – NRAM will not help him if he keeps up his repayments. I also appreciate what NRAM is saying – that it would consider a partial settlement offer but only if Mr F is in financial difficulties. I am, however, satisfied that Mr F is not in financial difficulties given that he is keeping up with his payments.

The question of whether or not NRAM should consider a partial settlement offer is, therefore, a commercial decision. In this case, it is also a decision with which it would not be appropriate for me to interfere.

my final decision

My final decision is that I am not upholding this complaint.

Nicolas Atkinson
ombudsman