

complaint

Mr B, on behalf of his parents, Mrs and the late Mr T (under two powers of attorney dated April and June 2013 respectively), complains that NRAM plc provided irresponsible lending to them.

background

In 1992 Mrs and the late Mr T (then aged 60 and 62 respectively), took out a repayment mortgage for £30,000 with NRAM over 25 years. It was secured on their property which required repair works. They took out further small loans in 1994 and 1999, and two further home improvement advances (also on a repayment basis) totalling £39,000 over 2002- 2004 – and in 2004 the term of the mortgage was extended to 20 years.

In March 2007 the mortgage (which was by then in five parts) was converted to interest-only on a temporary basis (till November 2009), when NRAM also declined an application (made by Mr B on behalf of his parents – for which he also offered to act as a guarantor or to be added to the mortgage) for a further advance due to the outstanding mortgage balance and loan-to-value ('LTV').

They make a number of complaints about the mortgage and the further loans

- Irresponsible lending (in particular as to the further loans in 2002-2004).
- Independent advice should have been obtained on the further lending 2002-2004 in view of their age.
- Lack of repayment vehicle.
- The pattern of borrowing should have concerned NRAM.
- Insufficient checks on Mrs T's income and health.
- Term extended (in 2004) to 20 years, when Mrs T and the late Mr H would be 92 and 94 respectively.
- The late Mr T's health and evidence of financial difficulties in 2007, when conversion to interest-only took place.
- Alternative mortgage rates not available through NRAM.

In her letter of August 2014 and email of October 2014 the adjudicator did not recommend that the complaint be upheld. She also considered that the other complaint – namely, as to home insurance and mortgage statements – was out of jurisdiction under DISP rule 2.8.2 and could not be considered by this service, as it was not brought within six years from the event, being 2002 when the mortgage started.

my findings

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint. I have taken careful note of Mr B's further representations of August and September 2014 since the adjudicator's letter. I make this decision in the round rather than dealing with each individual aspect of the complaint.

I agree with the adjudicator that I should not consider the complaints as to home insurance and mortgage statements, as they are out of jurisdiction.

I have considerable sympathy with Mrs T over her financial difficulties and ill health – but for the same reasons as provided by the adjudicator, I do not uphold this complaint.

NRAM would have carried out the appropriate affordability checks at the time of the loans in 1992, 1994, 1999 and 2002-2004. It considered Mrs T's accounts as part of that process. The mortgage was on a repayment basis till 2007, when it was converted to interest-only – so till then there was no need for NRAM to assess whether there was a repayment vehicle in place. The LTV remained at under 75% at the time of the original loan. It was for Mrs T and the late Mr T to obtain independent financial advice, if they wished to do so – particularly if they also had some unsecured debts.

I do not think that there was anything untoward in the pattern of lending, taking into account the state of the property and the affordability checks which NRAM would have carried out on each occasion. It also discussed with them the possibility of a lifetime mortgage, but Mrs T and the late Mr T declined that possible option. I also note that Mr B assisted his parents over their further loan application in 2007 – and the mortgage payments have been maintained since 2007 by a secured family loan.

Nor was it NRAM's responsibility to assess Mrs and the late Mr T's health at the time of the loans. Their solicitors would have checked that they were sufficiently competent to enter into the transactions. In 2004 NRAM extended the term by 20 years in order to reduce their monthly repayments.

my final decision

I do not uphold this complaint.

Charles Sweet
ombudsman