

complaint

Mr J complains that National Westminster Bank Plc agreed to accept £75,000 in settlement of his liabilities, but then went back on its word and later provided confusing and contradictory information to his solicitors.

background

Mr J had a mortgage loan with NatWest, and also gave a separate charge over his property to NatWest in respect of a loan to his former company.

The company experienced financial difficulty, and Mr J made several offers to NatWest concerning the company debt. Mr J says that NatWest eventually agreed to accept £75,000, which he believed would settle all his liabilities to NatWest.

Mr J says that, in reliance on the arrangement to accept £75,000, he decided to sell his property and repay the agreed settlement. He says that he intended to use the surplus to pay money to his former partner and buy a new property and, were it not for the agreement by NatWest to accept £75,000 in settlement of his overall liability, he may not have sold his property.

Mr J's solicitors applied for information from NatWest about the redemption figure for Mr J's debts. Mr J says that they were given various and conflicting information by NatWest and that it was not possible to get a clear answer about whether the figures quoted were in respect of one, or both, charges over the property.

After the sale, NatWest kept all but around £5,000 of the sale proceeds. Mr J considered that it should pay him everything it had kept over and above £75,000, and also compensate him for increased legal costs.

An adjudicator investigated the complaint. She was satisfied, from the copy correspondence, that NatWest had offered to accept £75,000 in settlement of Mr J's liability for the company's debt, but that this had not extended to any other liability and had been clearly rescinded by NatWest when Mr J could not comply with its conditions. However, the adjudicator accepted that NatWest had provided unclear information to Mr J's solicitors, causing delay.

She recommended that NatWest should meet Mr J's additional legal fees caused by that and also pay him £500 for distress and inconvenience. NatWest accepted the adjudicator's conclusions but Mr J did not – and asked for his complaint to be reviewed, as he was entitled to do.

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 appreciate that Mr J believes that NatWest agreed to accept £75,000 from him in settlement of his liabilities to it. But that is not what NatWest told him; the offer is clearly stated as being in relation to Mr J's guarantee liability for the debts of his former company.

There is no mention of the separate mortgage debt. The concessionary figure was not paid, and NatWest subsequently said – after allowing Mr J many months – that it would require the debt to be paid in full.

There was correspondence between NatWest and Mr J's solicitors about the amount due under the two charges. I can understand why Mr J's solicitors found it frustrating, as NatWest did not provide a clear answer about the total amount due to it under the charges.

However, I do not consider this means NatWest was not entitled to retain the amount that it did.

Like the adjudicator, I consider it fair that NatWest should pay the additional legal costs Mr J was charged caused by its lack of clarity in its responses to Mr J's solicitors' enquiries, together with an amount to reflect the distress and inconvenience caused to Mr J by that. But, given my findings, I do not consider that NatWest must also refund the money that it retained over and above £75,000 or cover any other losses to Mr J.

my final decision

My final decision is that I uphold this complaint in part. I direct National Westminster Bank Plc to:

- pay Mr J his own additional legal costs incurred as a result of the mis-information given to his solicitors in relation to the total of the secured debt; and
- pay Mr J £500.

Jane Hingston
ombudsman