

## **complaint**

Mr M complains NRAM plc didn't do enough to notify him when his mortgage fell into arrears during and after 2012. He thinks NRAM should've sent him collection letters threatening repossession of his property and it didn't follow any collection procedures.

## **background**

Mr M took out a mortgage for around £68,000 with NRAM around June 2006. It was set up over 30 years on a capital repayment basis.

NRAM's given us a copy of Mr M's arrears history. And this shows arrears on his account going back to 2010. Mr M has only complained about NRAM's actions from 2012 onwards. So I've looked at that only.

NRAM's said around July 2011, it agreed to change Mr M's mortgage to interest only temporarily to help him get through financial difficulties he was experiencing and to prevent further arrears building up. This arrangement was meant to be in place for 12 months but NRAM agreed to extend it every year until 2014 on the request of Mr M.

The arrears history shows Mr M missed or underpaid some of his agreed mortgage payments during and after 2012. NRAM's also given us copies of letters and its internal records to show the contact it had with Mr M during this time.

Mr M says whilst NRAM sent him statements, he wasn't sent the correct collection letters outlining that his home could be repossessed or specifically addressing the arrears. He thinks he should've been sent these letters within 14 days of the arrears being applied to his account. Mr M says if he'd been sent the correct letters, he would've been more aware of how much debt he'd built up on his mortgage and he would've acted differently.

NRAM's said it thinks Mr M was aware his account was in arrears. And it's outlined occasions when Mr M got in touch to discuss his mortgage and update his contact details in 2013 and 2014 to support this. It's given us copies of letters from between March 2012 and June 2014 which were sent around every three months outlining his arrears balance and asking him to get in touch – or just asking him to get in touch urgently about his mortgage. NRAM's said it's satisfied it met its obligations to contact Mr M about his arrears.

Unhappy with NRAM's response, Mr M contacted our service. Our investigator didn't uphold his complaint as she thought NRAM did enough to highlight the arrears to Mr M. As Mr M didn't agree with our investigator's opinion, the case has been passed to me.

## **my findings**

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. I don't think this complaint should be upheld for broadly the same reasons as the investigator, I know this will come as a disappointment to Mr M. I'll explain why.

I've looked carefully over everything we've been given, including everything Mr M's told us. And I've considered the relevant laws and regulations, including the Mortgages Conduct of Business rules ("MCOB"). While I have taken relevant regulation and legislation into account when reaching my decision, I am not constrained by this. I am able to depart from regulation or legislation to determine a complaint upon what I think is fair and reasonable in all the circumstances of a complaint.

I've looked at the mortgage statements and the contact history between Mr M and NRAM. I can see from Mr M's arrears history, he made irregular payments towards his mortgage during and after 2012 so that arrears continued to build up on it. This continued until around 2015 when he started making regular larger payments to bring his arrears down.

NRAM has given us copies of letters it sent to Mr M. I've also looked in detail at its contact notes that show the contact it tried to make with Mr M during this period. And I can see NRAM attempted to get in touch with him by phone on a number of occasions throughout 2012, 2013 and 2014. The notes show these calls were made to discuss Mr M's financial situation (as he'd missed payments) and the arrangement it'd agreed about the interest only mortgage. But the notes also show NRAM wasn't able to get in touch with Mr M and often left voicemails for him to return the calls.

Mr M says he's unhappy as he doesn't think NRAM did enough to highlight his arrears to him. And I haven't seen enough in this case to make me think NRAM sent Mr M a letter *every time* he missed payments to notify him that he was in arrears. But NRAM has said its usual process is to try to contact customers by phone and in writing once their arrears reach a certain level – rather than writing every time they miss a payment.

NRAM sent Mr M a letter highlighting his arrears every two to three months over the period. Some of these letters show the arrears balance, the types of charges that could be applied and included a mini statement showing the opening and closing arrears balances for the year. Other letters show the total arrears balance, how to pay it and urged Mr M to get in touch to get help. They also said what would happen next if he does nothing. There are also two letters which were sent in October 2013 and February 2014 asking Mr M to get in touch with NRAM urgently. I'm also aware of the calls, further attempted calls and voicemail messages left by NRAM on a regular basis.

Whilst I don't think NRAM highlighted to Mr M every time he missed a payment, I don't think it would be fair in this case to expect it to refund the interest applied to the arrears on this basis. I say this because, based on the contact NRAM did have with Mr M and considering that Mr M had been in financial difficulties for some time – and had a debt arrangement scheme in place - I think it's more likely than not Mr M was aware of the payments he'd missed and the outstanding arrears. And I think it's more likely NRAM followed its own collection procedures.

From what I've seen, I think NRAM took steps to explore how it could support Mr M when he was going through difficulties – including signposting him to other organisations and debt schemes that might be able to help him. Had NRAM written to Mr M more regularly or every time he missed a payment, I don't think it's likely it would've made any difference to the actions he took – or how long it would've taken him to pay back the arrears.

I appreciate Mr M's said he was in a great deal of debt at the time. And he's said generally, he prioritised paying the debtors who got in contact with him the most. But I think NRAM did enough in this case to alert Mr M to his outstanding arrears – and it's told me it applied only one charge of £40 to his account between 2012 and November 2014. I think Mr M would've understood this was an important debt secured against Mr M's home. So taking everything together – including the contact NRAM made and the support it gave Mr M – I think it's more likely he would've understood the importance of treating this debt as a priority. And I can't say NRAM's done anything wrong in this case.

**my final decision**

For the reasons I've given, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 15 February 2018.

Nadya Neve  
**ombudsman**