

## **complaint**

Miss R complains that National Westminster Bank Plc mis-sold her an interest only mortgage because she does not have the means to repay the capital at the end of the term. She also complains that NatWest has not done enough to help her when she has faced financial difficulties and that it is wrongly showing the property as leasehold.

## **background**

Miss R's capital and interest mortgage was changed to interest only in 2005. Around two years later it was changed to an offset mortgage and remained interest only.

The adjudicator did not recommend that the complaint should be upheld. She concluded that Miss R should reasonably have been aware that the mortgage was interest only and that the mortgage application, which she signed, refers to Miss R having an endowment policy to repay the mortgage. The adjudicator thought NatWest had correctly reviewed her request for a payment holiday and considered the bank had taken the information about the leasehold status of the house from the Land Registry.

Miss R responded to say, in summary, that:

- NatWest told her to sign a blank mortgage application form. The bank has covered up its mis-selling with a paper trail.
- She has told the bank since 2007 that she is not able to repay the capital on the mortgage loan, but it has ignored her and not suggested any alternative mortgage products.
- There is no explanation as to why the bank has changed her property from freehold to leasehold.
- She is stuck on a high interest rate and the bank is doing nothing to help her.

## **my findings**

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint. Having done so, I have decided not to uphold this complaint. Please let me explain why.

### *sale of the mortgage*

Miss R originally had a capital and interest repayment mortgage with NatWest. The bank says that in 2005, Miss R requested the mortgage was changed to interest only and it agreed. Miss R denies she ever requested this and, due to the time that has passed, it is difficult to conclude with certainty what happened. What is clear is that Miss R applied for an interest only offset mortgage in 2007 and the bank sent her a mortgage offer which she agreed. Miss R says she was told to sign a blank application form. There is no conclusive evidence to support this, but she was sent a mortgage offer which made it clear the mortgage was on an interest only basis. The offer document also made it clear that the bank understood Miss R intended to repay the capital with an endowment policy. I can't see that Miss R contacted the bank to question the offer document and the mortgage went ahead. I find it surprising that Miss R agreed to the mortgage if it was not set up as she had intended.

After the mortgage had been agreed, Miss R told the bank she did not have a policy in place. But I can see in its letter dated 16 December 2008 that NatWest reminded Miss R that she needed to repay the capital at the end of the mortgage term and that she would need to consider how she would do this. It recommended a meeting with a mortgage adviser.

After careful consideration, and on balance, I don't think the bank acted wrongly – it assessed the application in line with its lending criteria, it understood Miss R intended to repay the capital using an endowment policy and, when she told it she didn't have a policy in place, it recommended she seek advice from its mortgage adviser.

#### *request for payment holiday*

NatWest did not agree to Miss R's requests for a payment holiday. I find that it acted in accordance with its criteria and it could not agree because there is no suitable repayment vehicle in place for the mortgage. In 2013 NatWest discussed alternative options with Miss R and in 2014 it recommended she speak with its financial difficulties team. In the circumstances, I can't conclude that it has treated her unfairly.

#### *freehold/leasehold*

Miss R has recently sought legal advice which has confirmed the property is freehold, regardless of what is recorded at the Land Registry. But I think it was reasonable for the bank to rely on Land Registry records and, when it dealt with Miss R's 2007 application, it found the property to be leasehold when it checked the registration with the Land Registry.

#### **my final decision**

For the reasons I have explained, my final decision is that I do not uphold this complaint. I would remind the bank of its obligations to treat Miss R fairly if she is experiencing financial difficulties.

Under the rules of the Financial Ombudsman Service, I am required to ask Miss R to accept or reject my decision before 27 April 2015.

Elizabeth Dawes  
**ombudsman**