

complaint

Ms M and Mrs M complain about their mortgage arranged in 2007 with Nationwide Building Society.

background

Ms M and Mrs M are daughter and mother. Ms M was buying her first home in 2007 and, for affordability reasons, her mother (Mrs M) was added to the mortgage.

When the fixed rate period came to an end in 2012 Ms M and Mrs M went to a branch to ask for Mrs M to be removed from the mortgage account. They were told this couldn't be done as Ms M wasn't earning enough to cover the mortgage on her own.

Ms M complained about this in 2015. She was unhappy as she says she was told her mother could be removed once she could show she'd been paying the mortgage without Mrs M's help for six months, and she'd been paying the mortgage from her income alone for five years. She was also unhappy that the mortgage ran past their respective retirement dates.

Nationwide said that it hadn't given advice to Ms M and Mrs M about their mortgage, and had instead just provided them with the information they needed to make an informed choice. It said the notes showed that Ms M and Mrs M intended to make overpayments to repay the mortgage early. It also said that it hadn't got a record of Ms M and Mrs M applying to remove Mrs M from the mortgage.

Our adjudicator said that the notes showed Ms M intended to remove Mrs M from the mortgage once her circumstances had improved, but that until a formal application is done it can't be said for sure that Nationwide wouldn't remove Mrs M now. He also felt that the mortgage term was fine, and it was noted that both Ms M and Mrs M had company pensions.

Ms M responded to say, in summary, that she wants the mortgage reworked to be at the amount she could have borrowed on her own as her mother shouldn't have been added to the mortgage.

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'm satisfied that Ms M couldn't have bought her house with a mortgage from Nationwide without her mother being named on the mortgage. Ms M has told us that she had no choice as house prices were rising in her area. Had Mrs M not been named on the mortgage Ms M would either have not been able to buy her house at all, or would have had to buy a cheaper house. So it wouldn't be fair nor reasonable for me to put her back in the position she would have been in had she taken a smaller mortgage just in her name, as had she done so she couldn't have bought her home.

Ms M has expressed her dissatisfaction at her mother remaining on the mortgage, but she's not actually said how this has affected them financially. If we uphold a complaint we generally look at what financial loss it has caused, and in this case there's been no mention of any financial loss to either Ms M or Mrs M.

Nationwide has said that Ms M and Mrs M need to make a formal application to remove Mrs M from the mortgage if that's the course of action they wish to take. Any application will have to meet Nationwide's lending criteria at the time of the application, and there is no guarantee it will be accepted. If Ms M doesn't meet Nationwide's criteria to hold the mortgage on her own then that's not something we can interfere with.

The mortgage runs until Mrs M is 88 and Ms M 66 years old. It's recorded on the application form that they both have company pensions through the civil service (or equivalent). Clearly the mortgage was going to run past Mrs M's retirement date, but as the intention was that she was to be removed part way through the term (when Ms M's financial position improved) then I can't see this matters. Whilst Ms M would be 66 at the end of the term it was recorded that she intended to make overpayments to shorten the term of the mortgage (with her state retirement age being 67 in any event). As Nationwide didn't give any advice about the suitability of this mortgage, the decision on whether this was appropriate for them or not fell to Ms M and Mrs M.

my final decision

My final decision is that I don't uphold this complaint. Under the rules of the Financial Ombudsman Service, I'm required to ask Ms M and Mrs M to accept or reject my decision before 15 February 2016.

Julia Chapman
ombudsman