

complaint

This complaint is about a shortfall debt arising from the repossession of a property previously owned by Mrs C and Mr B, which was subject to a mortgage with NRAM Limited. The complaint has been brought by Mrs C, with the consent of Mr B.

To settle the complaint Mrs C wants NRAM to demonstrate that she owes the debt, to check its calculations are correct, and not to record this information on her credit file until it is *“proven otherwise”*.

background

The evidence in the case is detailed, running to several hundred pages of documents. I've read everything, and it's apparent that some parts of the evidence are less relevant to the underlying case than others. There are also a lot of duplicated documents and repetition of arguments. In what follows, I have, by necessity, summarised events in rather less detail than has been presented.

No discourtesy's intended by that. It's a reflection of the informal service we provide, and if I don't mention something, it won't be because I've ignored it. It'll be because I didn't think it was material to the outcome of the complaint. This approach is consistent with what our enabling legislation requires of me. It allows me to focus on the issues on which I consider a fair outcome will turn, and not be side-tracked by matters which, although presented as material, are, in my opinion peripheral or, in some instances, have little or no impact on the broader outcome.

I also note that, in a letter dated 7 August 2020, the investigator set out a detailed timeline of events. Both parties have had a copy of that letter, so I do not need to repeat all the details here. Our decisions are published and so it's important that I don't include in my decision any information that might lead Mrs C or Mr B to be identified.

Briefly, in September 2004 Mrs C (then known as Mrs B) and Mr B took out a mortgage with NRAM so they could purchase a property. They borrowed £94,050, against a purchase price of £99,000. They also took out an unsecured loan of £14,850. In August 2007 they switched to a new product, borrowing a total of £108,192.51, repaying the unsecured loan.

Unfortunately the mortgage fell into arrears and was repossessed by NRAM on 31 October 2013. I understand that by this time Mrs C was no longer living at the property, as she and Mr B had separated.

The property was sold by NRAM in February 2014 for £77,000. This left a shortfall debt of £31,669.90. NRAM contacted Mrs C about repayment of the shortfall, and recorded the default on her credit file.

Mrs C complained to NRAM about the way it had pursued her for the shortfall debt. NRAM didn't uphold the complaint so Mrs C complained to the Financial Ombudsman Service. She queried the amount of the shortfall debt and asked us to confirm the amount is correct. Mrs C also said there were long periods of time when NRAM didn't contact her about payment of the debt and that NRAM's communication has been poor. Mrs C was also unhappy that the shortfall debt has been recorded on her credit file.

An investigator looked at the complaint but didn't think it should be upheld. In his letter dated 7 August 2020 he explained all the reasons why he thought NRAM had acted fairly. He noted that in 2014 there'd been some confusion over Mrs C's date of birth and address, but these issues had been resolved. In 2015 Mrs C had taken advice from StepChange and had offered to pay £10 towards the shortfall debt. But it appears that Mrs C wasn't able to afford any payment towards the debt.

After that NRAM lost touch with Mrs C until 2018, when she contacted NRAM asking for information about the mortgage. NRAM provided Mrs C with documentation she'd requested, but it was at this point that Mrs C raised her complaint.

The investigator noted that NRAM had sent a letter to an incorrect address at one point, but it had offered Mrs C compensation of £100 for this. He thought this was fair and reasonable.

Finally, the investigator was satisfied that NRAM had correctly recorded the shortfall debt on Mrs C's credit file.

Mrs C didn't agree with the investigator's findings and asked for an ombudsman to review the complaint. She's made some further points which I will summarise as follows:

- she shouldn't be liable because NRAM recorded her name incorrectly, as well as her date of birth; this is a serious breach.
- after they separated, she wasn't told about any dealings between NRAM and Mr B; she doesn't believe NRAM ever contacted Mr B
- new issues are now arising in relation to overly-high interest rates, possible mis-selling of products, unfair treatment by NRAM prior to repossession and the property having been sold at an undervalue; she can't go back to NRAM with these questions;

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 will begin by explaining that, under the rules laid down by the regulator, the Financial Conduct Authority (FCA), the Financial Ombudsman Service isn't able to consider a complaint until the business complained of has had the opportunity to review the complaint and issue its final response. So although I've noted all the new issues Mrs C would like me to consider, she will first need to raise these with NRAM.

The issues I am considering in this complaint are those detailed on the complaint form, as follows:

- NRAM's actions in pursuing Mrs C for the shortfall debt, including poor customer service;
- the accuracy of the amount claimed by NRAM;
- NRAM recording information about the shortfall debt on Mrs C's credit file.

As I said above, the investigator has provided a detailed timeline of events in his letter dated 7 August 2020. I've reviewed this against the contact notes and I'm satisfied that it is an accurate record of what happened.

the amount of the shortfall debt: After the property was taken into possession, NRAM received valuations from local estate agents, and marketed the property at £85,000 (the

highest valuation). The property was sold for £77,000, which is approximately £7,000 more than the lowest valuation.

I've reviewed the investigator's calculations of the amount of the shortfall debt, which takes into account all expenses which had to be deducted from the net proceeds of sale before the balance was applied to the mortgage account. I've compared this with the information on file about the fees and charges involved in selling the property. Having done so, I'm satisfied that the shortfall debt of £31,669.90 appears to be correct.

Liability for a shortfall debt is joint and several. This means that NRAM is able to look to recover the entire debt from either party.

contact with Mrs C: I agree that NRAM's communication with Mrs C could have been better. There was some difficulty in Mrs C passing security due to her date of birth being incorrectly recorded on the file. She'd also changed her name and NRAM hadn't recorded a change of address on file. But these issues were ironed out and NRAM was able to discuss the shortfall debt with Mrs C.

I also note Mrs C had independent advice from StepChange, which liaised with NRAM on behalf of Mrs C. I'm satisfied it was appropriate for Mrs C to take this advice, and I can't see that NRAM placed any undue pressure on her in relation to payment of the shortfall. Indeed, the notes show that NRAM noted Mrs C's Income & Expenditure forms demonstrated she wasn't able to afford anything and so didn't accept proposals it considered unaffordable.

Overall, I'm satisfied NRAM's contact with Mrs C was appropriate and reasonable, once it was able to establish her correct address and had recorded her security information correctly. NRAM is required by the FCA to consider fairly any repayment proposals, and I'm satisfied that it did. I appreciate there were some contact difficulties when Mrs C was attempting to come to an arrangement with NRAM, but overall I don't think this has resulted in any detriment to Mrs C, because she wasn't able to afford any payment towards the shortfall in any event.

credit file: NRAM is entitled to record the shortfall debt against Mrs C's credit file. It wasn't able to do so until it had her correct address. If Mrs C thinks the information recorded by NRAM is incorrect, she'll need to take this up with the credit reference agencies.

conclusion: I note NRAM offered Mrs C £100 compensation for errors in relation to her security details and address. I'm satisfied this is fair and reasonable. I'm not ordering NRAM to pay any further compensation.

As noted above, in relation to Mrs C's other concerns about the mortgage (mis-sale, interest rates, repossession, sale at an undervalue), she'll need to raise these first with NRAM before the Financial Ombudsman Service is able to consider them. Our consideration of any complaint is subject to our rules, including the time limits specified in the rules.

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 Mrs C to accept or reject my decision before 16 March 2021.

Jan O'Leary
Ombudsman