

## **complaint**

Mr J complains that Nationwide Building Society has not renewed a repayment plan and intends to secure a debt on his property.

## **background**

Mr J had a credit card account with Nationwide. When he became ill and unable to work, he ran into financial difficulties, so a reduced payment plan was set up early in 2012 and no further interest was charged. The plan reached the end of its period and in mid-2013 the society said it was not willing to continue with another reduced payment arrangement. It also told Mr J that it intended to secure the debt by getting a charging order over his house. Mr J pointed out that he had not missed any payments during the repayment plan and complained that the society was acting unfairly, especially in the light of his medical circumstances.

Our adjudicator did not recommend that the complaint should be upheld. She said Nationwide had tried to assist Mr J and had accepted reduced payments for a period. But if the repayment plan were continued, there would be no prospect of the debt being repaid within five years. In the circumstances, she did not think it was unreasonable of the society to seek recovery of the debt in other ways, such as securing it against Mr J's property.

Mr J disagreed with the adjudicator's conclusions and asked for the case to be reviewed by an ombudsman.

## **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 am sorry to tell Mr J that I have reached the same conclusion as the adjudicator, and for much the same reasons.

In my view, Nationwide acted positively and sympathetically when it learned of Mr J's financial hardship. It applied no further charges to the account and accepted reduced payments for over a year. I believe Nationwide was then entitled to decide whether it should renew the plan or make other arrangements.

Nationwide has proposed to secure the debt by obtaining a charging order on Mr J's property, after which the society would no longer expect monthly payments on the account. If Mr J repays the debt before he sells his property, then the charge can be removed. The society says that it is not intending to enforce the charge by seeking an order to sell Mr J's house.

I can understand why Mr J is alarmed at the prospect of his debt being secured on his property. But in the circumstances, I do not believe the society's actions will be unfair to him. I say that because he will no longer be expected to make regular repayments, and because I am confident that there is no risk that the society will use the charging order to force the sale of his house.

I am aware that the Office of Fair Trading warned lenders to consider customers' circumstances carefully before using charging orders, especially when the debt is not large. Mr J's debt stands at about £2,800, so I have considered whether Nationwide's proposed action is proportionate. Taking into account the society's positive and sympathetic treatment of Mr J to date and its assurance that it has no intention of enforcing the order, I am satisfied that Nationwide is not acting disproportionately in this instance.

Mr J can, if he wishes, continue to make repayments to reduce the debt. He has equity in the house and if he sells the property before the debt is cleared, then the balance will be settled and the charge removed during the administration of the sale.

I realise that Mr J will be disappointed by my decision, but I do not find that Nationwide has acted unfairly or unreasonably.

**my final decision**

My final decision is that I do not uphold this complaint.

Colin Brown  
**ombudsman**