

complaint

Mr T complains that Northern Rock (Asset Management) plc ('NRAM') has treated him unfairly over his financial difficulties.

background

Mr T held a repayment mortgage with NRAM. In 2010, due to his financial difficulties he asked NRAM for an interest-only arrangement. In May 2010 NRAM agreed to a recapitalisation of arrears on his mortgage and secured loans – and a six month interest-only concession. In November/December 2010 he sought an extension to the interest-only period – but it was not until May 2011 that NRAM agreed to his request.

Between December 2010 and May 2011 – during which the mortgage had reverted to repayment – the arrears on his account increased considerably and by July 2011 were nearly £30,000. In June 2011 NRAM agreed a term extension to 12 years.

Mr T complains that NRAM has treated him unfairly over his financial difficulties, in delaying its decision to extend the interest-only period and in not extending that period beyond 24 months.

The adjudicator did not uphold the complaint. She also considered that the issues raised in NRAM's final response of June 2012 were brought out of time, as they were not raised with this service within six months of that letter.

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 have taken careful note of the further representations made on behalf of Mr T since the adjudicator's letter.

While I am sympathetic to Mr T's situation, I have seen no evidence that NRAM has treated him unfairly since his financial difficulties first arose in 2010. It has agreed two interest-only periods totalling 24 months – which is beyond its normal 12-month maximum.

To extend that period still further would not assist Mr T's difficulties – and he has agreed to continue his efforts to sell his property in the meantime. There remains sufficient equity in the property based on its current loan-to-value.

NRAM has also agreed to extend the mortgage term to 12 years. Finally, it has shown considerable forbearance over the long period since arrears first arose (which are currently estimated to be in the region of £30,000), by allowing Mr T to sell his property himself and not taking enforcement action itself. The property has already been on the market for over two years.

For the avoidance of doubt, I am satisfied on the balance of probabilities that NRAM sent its earlier response letter in June 2012 – and if Mr T did not receive it, he should have chased it up before lodging the current complaint to this service in January 2014. Therefore Mr T is out of time to raise any earlier complaints – but this view does not impact on the issues already covered in this decision.

my final decision

For these reasons I do not uphold this complaint.

Charles Sweet
ombudsman