

## **The complaint**

Miss E complains that Nationwide Building Society won't re-open her mortgage account so she can repay the amount it previously cleared.

## **What happened**

Miss E had a mortgage with Nationwide and the agreed repayment term ended in March 2020. At that time, there was an outstanding balance of around £570.

Miss E's income was impacted because of the Covid-19 pandemic. So, Nationwide agreed to support Miss E by putting in place concessions including a payment deferral. When the agreed concessions came to an end, Miss E requested further support at which point Nationwide decided to write off the remaining mortgage balance as a gesture of goodwill. It did this because Miss E was having difficulty repaying the outstanding balance, but the outstanding balance was small. The costs of pursuing this sum if Miss E couldn't repay it, and the impact on her of doing so, wouldn't be proportionate considering the size of the remaining debt. So, it decided it would be better for all concerned just to write it off. A lender is entitled to decide at any time that it will write off a debt and not collect it.

Miss E had concerns about this and raised a complaint in June 2021. Nationwide said that it had cleared the balance as a gesture of goodwill and had updated Miss E's credit file to show the mortgage as fully settled. It did, however, accept that it should have informed Miss E of its plans sooner and apologised for that. As Miss E didn't agree, she referred her complaint to this Service.

An Ombudsman reviewed Miss E's complaint and he didn't think Nationwide had acted unreasonably by clearing the outstanding mortgage balance. He thought Nationwide had made a fair offer to pay Miss E £25 in recognition of any distress and inconvenience it had caused by not communicating with her as well as it could have. He recognised that Miss E might feel uncomfortable with Nationwide's decision to clear her outstanding balance but said he wouldn't be asking it to reverse its decision to do that. But that if Miss E still wanted to repay the cleared debt, she could contact Nationwide to arrange that.

Miss E contacted Nationwide in March 2024 as she now had the funds available to repay the amount that was cleared – around £570. Initially, Nationwide said it could not accept a final payment from Miss E and she asked it to send a letter to confirm this.

As Miss E hadn't received this letter, she complained to Nationwide. Within email correspondence between Nationwide and Miss E, it first said that Miss E's mortgage account had been archived and this was why it couldn't accept a final payment from her. Miss E questioned this and referred to the previous Ombudsman's decision. She said that it's her right for her mortgage to be repaid by her and not by Nationwide.

On 23 April 2024, Nationwide told Miss E it had reviewed her request to make a payment and that it would make an exception. It said the previous Ombudsman's decision was provided over two years earlier and that Miss E's mortgage had been archived as it had been closed for almost three years.

Miss E responded to Nationwide and said that she felt it was in breach of the Ombudsman's decision. She did, however, say that she was glad Nationwide would now accept her payment and asked how to proceed. Nationwide said it had received no instruction from this Service to accept a payment from Miss E. It said that if Miss E makes a payment, it has no way to allocate it to her mortgage as it no longer exists. But it said it can write to Miss E with confirmation the payment has been made for future reference. It also provided details on how Miss E could go about making the payment.

Miss E wasn't reassured by the email she had received from Nationwide and raised concerns about the payment not being connected to her mortgage once she makes it. Nationwide said that it feels it is unethical to accept a payment when nothing is due. However, as this matter is particularly important to Miss E, it said it had made an exception. It said that it couldn't allocate the payment to Miss E's mortgage account because it had been archived, but it assured Miss E that the payment won't be returned to her.

Miss E remained unhappy and didn't accept that Nationwide couldn't re-open her mortgage account. She feels a mortgage lender can easily reopen a mortgage and she wants Nationwide to do this so she can make the payment in a way she feels is acceptable.

Following this, Nationwide provided its final response to Miss E's complaint. It apologised that Miss E didn't receive the letter she requested on 22 March 2024, and it offered to pay her £50 to say sorry for this. It reiterated that nothing was owed by Miss E in relation to this mortgage and it would be happy for her to keep the funds or donate that amount to a charity of her choice. It said it archived Miss E's mortgage account for regulatory reasons and because of this, there is no way for it to accept a payment into the mortgage account. It provided a contact number that Miss E could call if she still wanted to make the payment. Miss E didn't agree, so she referred her complaint to the Financial Ombudsman Service.

Our Investigator said that Miss E was not obliged to make a payment of £570.56 to Nationwide. But he set out how Nationwide would apply the payment if Miss E still wanted to make it. This included that Nationwide would add a note to the account explaining that the payment had been made and that it would provide a statement to Miss E. He didn't think Nationwide had acted unfairly and he thought its proposal was a fair way to help Miss E to make the payment. Miss E didn't accept that and set out the steps she feels Nationwide should take to accept her payment – she feels the only option is for it to re-open the mortgage account. Because Miss E didn't accept the Investigator's assessment, the complaint has been passed to me to decide.

### **What I've decided – and why**

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

#### *Miss E's concerns about Nationwide clearing her mortgage balance*

We don't have a free hand to consider all complaints that are made to this Service. There are rules published by the Financial Conduct Authority, known as the DISP rules, that set out what complaints we can consider.

There are also some complaints that, whilst they fall within the remit of this Service, they are not appropriate for us to consider. The DISP rules allow me to dismiss a complaint without consideration of its merits in certain circumstances. One of those circumstances is where considering it will seriously impair the effective operation of this Service. The DISP rules set out examples of where that would be the case, and it includes where we have already considered a complaint.

Miss E clearly remains unhappy that Nationwide cleared the remaining balance of her mortgage account in 2021. However, an Ombudsman made a final decision about that matter in November 2021 and Miss E hasn't provided any material new evidence that adds to the substance of what was available when that decision was made. So, I don't consider it would be appropriate for this Service to revisit that complaint – that Miss E feels Nationwide acted unfairly by clearing her mortgage balance.

However, I am satisfied Miss E's complaint about Nationwide now not accepting her final payment is a new complaint. So, I will go on to consider that part of Miss E's complaint below.

#### *Miss E's concerns about Nationwide not accepting her payment*

I appreciate Miss E has some concerns and I understand that she would like to make a payment to Nationwide for her own peace of mind. But Miss E's mortgage account was closed as having been fully settled over three years ago. And Nationwide has made it clear that Miss E doesn't owe it anything in relation to that. I do not therefore consider it would be fair or just for me direct Nationwide to accept this payment, as it is clear to me that no such payment is due from Miss E. However, I can see Nationwide has set out what it can do to help put her mind at rest. It has said it can accept her payment which would replace the funds from its "write off" pot (that were used to clear her mortgage in 2021), alongside adding a note to the account to explain what has taken place. It will also send her a letter or a statement showing the payment has been received. I'm satisfied it has offered a fair solution so she can make the payment if she still wishes to do so.

Miss E has said she would like Nationwide to accept her payment in a different way – by reopening her mortgage account. But there is no requirement for Nationwide to do that and I don't consider it would be practical for it to do so, regardless of whether it had or had not archived her mortgage account. Miss E's mortgage was repaid several years ago and if it was possible to reopen it now, it'd mean other steps such as re-registering the legal charge may need to take place. It wouldn't be fair to suggest Nationwide should take steps such as that or that it should incur the likely costs for doing so, when it has made it clear that Miss E doesn't need to pay anything. Ultimately, if Miss E would like to make the payment to achieve the level of reassurance she is seeking, she will need to make the payment in the way Nationwide has set out. I won't be directing it to reopen Miss E's mortgage account.

I know Miss E feels strongly about her complaint, but I hope my decision will reassure her that Nationwide will not pursue her for a payment in relation to this mortgage account. And that it has offered a fair option to enable her to make the payment if she still wants to do so.

I note Miss E asked Nationwide to send a letter to her in March 2024 to confirm it wouldn't accept her payment, and that it didn't do that. I appreciate this would have caused some inconvenience to Miss E to then have to chase Nationwide. But I consider Nationwide's offer to pay her £50 in recognition of the distress and inconvenience caused is a fair way to put things right. Because of this, I don't consider it should do anything further.

#### **My final decision**

My final decision is that I don't uphold this complaint. However, Nationwide should pay £50 to Miss E in recognition of the distress and inconvenience caused if Miss E accepts my decision.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss E to accept or reject my decision before 10 January 2025.

Keith Barnes  
**Ombudsman**