

## **The complaint**

This complaint's about Mr M's mortgage with National Westminster Bank Plc (NatWest). Mr M is unhappy that NatWest debited his account with ground rent charges owed to his then freeholder, and only allowed him twelve months to pay the amount.

## **What happened**

By way of a decision dated 6 December 2023, I explained why our power to consider this complaint was confined to one issue; that being, the fairness or otherwise of NatWest's refusal to extend the 12-month term for repaying the debts created by its payment of the various freeholder charges referenced in the June 2021 final response.

Our investigator didn't consider this to be unfair, given the wider circumstances and the way Mr M's account had been conducted over time. Mr M has asked for this to be reviewed by an ombudsman and I do that here.

## **What I've decided – and why**

I'll start with some general observations. We're not the regulator of financial businesses, and we don't "police" their internal processes or how they operate generally. That's the job of the Financial Conduct Authority (FCA). We deal with individual disputes between businesses and their customers. In doing that, we don't replicate the work of the courts.

We're impartial, and we don't take either side's instructions on how we investigate a complaint. We conduct our investigations and reach our conclusions without interference from anyone else. But in doing so, we have to work within the rules of the ombudsman service, and the remit those rules give us.

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

The disputed charges were added to Mr M's account in accordance with the terms and conditions of the mortgage account. Whether they were added fairly and reasonably falls outside my remit here, for the reasons given in my jurisdiction decision.

It's NatWest policy to require such charges to be repaid within twelve months, rather than over the mortgage term generally. That's because they represent debts that, by their nature, occur annually. Whether that policy is fundamentally unfair, or has been applied unfairly in this instance, also falls outside my remit here, for the reasons set out in my jurisdiction decision.

So the situation where NatWest has added freeholder charges to Mr M's account (in accordance with the mortgage terms) and then insisted he repay them within twelve months (in accordance with its policy) is, for the purposes of this decision, a given. All I consider here is whether, in that given situation, NatWest should have been willing to relax its policy position by agreeing Mr M's request for more time to pay the charges referenced in the June 2021 final response from NatWest.

This wasn't something NatWest couldn't do; the bank can exercise discretion and be flexible if it judges it appropriate to do so. Normally, we won't interfere with how a business exercise its commercial judgement, but there are exceptions to that general approach, if we consider that a business has treated a customer unfairly.

However, I'm not persuaded that has happened here. That's because NatWest's policy already has the flexibility to extend the period for repaying such charges to help borrowers manage the situation. NatWest had already done this as a concession for Mr M in the past.

Mr M was still paying off an earlier tranche of charges when the disputed tranche of charges was debited, and he made the same request. And that was the sticking point for NatWest. The flexibility built into NatWest's policy doesn't go as far as allowing an extension of time to pay a second tranche of charges when an earlier tranche is still outstanding and being repaid.

Having thought very carefully about this, I don't think it was unfair treatment by NatWest to decline Mr M's request for more time to repay the charges referenced in the June 2021 final response. It would have created the very situation the policy was designed to avoid; the snowballing effect of successive tranches of charges being added at intervals that were shorter than the time given to repay them.

I can appreciate Mr M finding NatWest's decision not to grant him a further concession unwelcome. But in the wider context, I don't consider it was unfair, which is the test I have to apply.

### **My final decision**

My final decision is that I don't uphold this complaint.

My final decision concludes this service's consideration of this complaint, which means I'll not be engaging in any further discussion of the merits of it.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 8 January 2024.

Jeff Parrington

**Ombudsman**