

The complaint

Mr and Mrs D complain that Together Personal Finance Limited (trading as Together) didn't treat them fairly when they struggled with their second charge loan repayments. They ask for a 12-month hold on the account, all interest and fees to be waived and a reduced settlement amount payable in affordable instalments.

What happened

Mr and Mrs D took out a second charge loan with Together in early 2018. Mr D has suffered from ill health since late 2018 and says he can no longer work. Mrs D has told us she reduced her working hours to care for Mr D and another relative. Their income has reduced and they can't maintain their monthly loan repayments.

Mr and Mrs D don't want to sell their home to repay the loan. They say Together didn't offer enough support and harassed them for payment.

I sent a provisional decision to the parties to explain why I didn't intend to uphold this complaint. Mr and Mrs D didn't respond. Together said it had no comments.

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.

I haven't received any comments or evidence since sending the parties my provisional decision. Having thought about this matter again, I don't think there's any reason to change the outcome or the reasoning (which was substantially as set out below) from my provisional decision.

When Mr and Mrs D borrowed the money from Together they agreed to repay it. Together has a charge on their property: this enables it to recover the debt from the sales proceeds of the property, if need be. It should only take possession and sell the property as a last resort.

Mr and Mrs D borrowed about £82,000 (including lender and broker fees) from Together. At least some of this was for debt consolidation and Together paid about £36,000 direct to other lenders. Some of Mr and Mrs D's payments were late in the first few months as they said they had cashflow problems, and Together offered informal payment plans. In late 2018, less than a year into the 12-year term, their circumstances changed as Mr D had a sudden serious health problem.

Mrs D was the main earner. Initially, Mr and Mrs D told Together they expected Mr D to recover and return to work. They expected to be able to meet their contractual monthly payments in the near future. Together offered reduced payment plans up to late 2019. Mr and Mrs D made contractual monthly payments between late 2019 and mid 2020: they say after taking advice they used funds from Mr D's pension. However, they couldn't repay the arrears. Mr and Mrs D didn't make any payments between June 2020 and early 2021. In

early 2021, Together agreed an arrangement for Mr and Mrs D to pay £100 per month for January to March 2021.

When the complaint was brought to us Together had applied account management fees for September and October 2018. It says it only applies fees when the account is with collections and there's no arrangement in place. Mr and Mrs D would prefer that their account is managed by a different team, but I don't think it's unfair for Together's collections team to manage the account. I haven't seen anything to suggest this team isn't able to deal appropriately and fairly with Mr and Mrs D. Together agreed an arrangement with Mr and Mrs D in early 2021 which means (if they keep to it) they won't incur management fees. I don't think Together acted unfairly here and I don't think it's fair and reasonable to require it to refund management fees or have a different team deal with Mr and Mrs D's account.

Mr D hasn't returned to work and says he'll not be able to work again. He receives a pension. Mrs D's income has also reduced. In January 2021 Mr and Mrs D had arrears of about £10,000. Mr and Mrs D's arrears will continue to increase while they're paying less than their contractual monthly payment. And as they're paying less than the interest being applied to the account their balance will increase. At this point, it seems clear that Mr and Mrs D aren't able to repay the loan over the term as initially intended.

Mr and Mrs D's property was valued at £200,000 in 2018. Their first charge mortgage had a balance of about £35,000 (the information they provided to Together suggests this is now less). They'd be able to repay their mortgage and loan from Together if they sell the property, with some equity remaining. This might not be the case if the amount of their secured debts increases – or if the value of their property falls.

Mr and Mrs D say their first charge mortgage lender has offered an arrangement they're happy with. I should say though that Together is in a different position to the first charge lender. It's owed more and its account is in arrears. And it has a second charge, so if the property is sold it would only be entitled to recover its debt from funds remaining after the first charge lender has been repaid. To put it another way, Together is more likely to find it can't recover what it's owed from the sale proceeds.

Understandably, Mr and Mrs D don't want to sell their house. Mr D told Together they'd taken independent financial advice and were told their only option was for Together to write off the balance. I don't think it's fair to require Together to write off their balance. As I said, the purpose of the charge on the property is so that Together can recover the debt and this is the basis on which it offered the loan.

Mr and Mrs D have struggled with their loan repayments for nearly three years. They have nine years remaining. They've fallen into arrears and have no means to repay the arrears, or even to maintain monthly interest payments. Mr and Mrs D also have a first charge mortgage and a significant amount of unsecured debt: they told Together they aren't paying anything towards the unsecured debt.

From what Mr and Mrs D have said, their circumstances are unlikely to improve. Together says short-term concessions aren't the answer here, and I think that's fair.

It's not clear that Together is able to offer a suitable long-term solution here either. It's told us that it's considered various options but none appear feasible. Mrs D says an adviser told her Together should capitalise the arrears and reduce the interest rate. But it wouldn't be fair for Together to do this if repayments were still unaffordable, as is likely to be the case from what Mr and Mrs D have said about their circumstances.

Mr and Mrs D are in a difficult position. Their circumstances have changed and they can't maintain repayments. They have health problems, and are worried about what will happen to their house. Together must treat Mr and Mrs D fairly. This means exercising forbearance as suitable to their circumstances. But it doesn't mean that Together has to write off the debt or freeze interest. Together must also be mindful that it doesn't allow Mr and Mrs D's arrears to continue to increase, putting them into a worse position. And it should maintain contact with Mr and Mrs D and ask them for information, to look into how it can support them. I appreciate Mr and Mrs D found contact from Together upsetting. But I think it was right to contact them about their arrears and to discuss their circumstances, to understand how their circumstances have changed over the last three years.

Mr and Mrs D have been clear that they don't want to sell their house. They might want to consider taking further independent financial advice to explore what options they have to avoid this.

I don't think it's fair to require Together to put a hold on the account for 12 months and waive interest. Mr and Mrs D have had a lot to deal with, but they've had the opportunity to seek advice about their options, and Together has recommended they do this a number of times. From what Mr and Mrs D say there seems to be no real prospect of their circumstances improving such that the loan repayments would be affordable. So, at the end of the 12 months, Mr and Mrs D are likely to find themselves in the same position with a loan they can't afford to repay without selling their house or re-financing.

Overall, I don't think that Together has treated Mr and Mrs D unfairly, and I don't intend to uphold this complaint. I'd urge Mr and Mrs D to take advice about their options and maintain contact with Together about this and their circumstances. I'd remind Together of its duty to treat Mr and Mrs D fairly.

My final decision

My decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D and Mrs D to accept or reject my decision before 22 November 2021.

Ruth Stevenson
Ombudsman