

## **The complaint**

Mrs S complains that Platform Funding Limited ("Platform") acted irresponsibly when it gave her and her late husband (Mr W) an interest only mortgage.

The Co-operative Bank Plc ("Co-op") owns that mortgage now, so it is responsible for handling this complaint.

Mrs S is represented by her father, Mr S.

## **What happened**

Mrs S and Mr W took out an interest only re-mortgage with Platform in 2008. Mr S says Mr W dealt with all of the finances in their relationship and was manipulative. So Mrs S wasn't aware of the re-mortgage or its terms until after Mr W died in 2016.

Mrs S thinks that contrary to what was stated in the mortgage application, Mr W used some of the money from the re-mortgage for his business. Mr S doesn't think Platform should have lent to Mr W and Mrs S without carrying out more checks.

Mrs S didn't pay the monthly mortgage repayment in the month Mr W died. That repayment still hasn't been paid, so the mortgage is in arrears. Mr S thinks that re-payment should be written off. He complains about the letters that Co-op sent Mrs S and Mr W after it was told Mr W had died. He says Co-op shouldn't have written to Mr W once it knew that he'd died, and that its letters were very distressing for Mrs S.

For clarity I will say here that Platform is part of the same banking group as Co-op. But it is a separate firm. In April 2016 Co-op took the decision to move some mortgages from Platform to Co-op. Co-op has confirmed that it is responsible for complaints about Platform before April 2016.

In its final response Co-op said it hadn't done anything wrong. It says Mr W used a broker to apply for the mortgage in 2008. So it was entitled to rely on the information the broker provided it with. Having considered the mortgage documentation that was signed in 2008, it didn't think there was anything to alert it to the concerns Mr S has raised. It also said that while it did receive a phone call to say that Mr W had died in 2016, it didn't receive a death certificate so it wasn't able to amend its records. So it didn't make a mistake when it contacted Mr W and Mrs S after 2016 about the arrears on the mortgage.

Mr S remained unhappy so he complained to the Financial Ombudsman Service. Our investigator looked into the matter.

Our investigator didn't think the Platform made a mistake when it gave Mrs S and Mr W the interest only mortgage. Nor did she think it Co-op was wrong to contact Mrs S and Mr W after the mortgage went into arrears in 2016. She appreciated that Mrs S was distressed that letters continued to be sent to Mr W, but she understood why Co-op hadn't updated its records to reflect Mr W's death until it had received the paperwork it needed. However, she thought Co-op's contact was excessive. So she recommended that Co-op pay Mrs S £450

by way of apology for the distress and inconvenience its excessive contact caused Mrs S.

Co-op agreed to pay Mrs S £450 compensation to resolve the complaint. But Mr S remained unhappy and asked for Mrs S' complaint to be reviewed by an ombudsman. So this complaint has been passed to me to decide. Mr S made a number of further points about why he thought Mrs S had been treated unfairly after our investigator sent him her view on the case. He also asked to us put a large number of further questions to Co-op. I'll consider those points below.

### **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.

Having done so I also think that Co-op should pay Mrs S £450 to resolve this complaint. I'll explain why.

#### *sale of the mortgage*

My starting point on this issue is to say that I can see that the mortgage was sold by a broker. That means the broker was responsible for any advice or information provided at point of sale.

Mr S says that he feels the broker acted as the lender's agent. So he thinks Co-op should take responsibility and not enable the broker to be used as a "scapegoat".

I don't underestimate Mr S' strength of feeling about this point. It's clear from what he has told us that he feels that if the broker had met or spoken to Mrs S directly at the time, the broker could've ensured that Mrs S was fully aware of the mortgage. He also thinks Mr W's health and behaviour issues would have been identified.

I appreciate Mr S's position. However, the broker was a separate legal entity to Platform, and I haven't seen any evidence to suggest that it acted as its agent. So it wouldn't be fair or reasonable for me to hold Co-op responsible for the broker's actions in 2008. I'm also conscious that the broker wasn't required to speak to Mrs S directly about the mortgage at this time. Mr S has been provided with the broker's contact details, so he may want to raise a complaint with the broker on behalf of Mrs S if he wishes to do so.

The lender was responsible for the decision to lend on the basis of the mortgage offer and supporting documentation the broker provided. I've considered the information available to Platform when it took the decision to lend. In particular, I've looked at the mortgage application and the supplementary declaration issued alongside the mortgage offer. Both those documents were signed by Mrs S. Mr S has said that Mrs S doesn't know how those documents came to be signed by her. He thinks Mr W manipulated Mrs S and/or that Mr W got Mrs S to sign them without giving her time to read the documents.

I appreciate what Mr S has told us about this, and the way that Mr W treated Mrs S. I'm very sorry to hear that. However, I've seen nothing to indicate that Platform would've been aware of this at the time the mortgage application was made. I can see that the mortgage was in both Mr W and Mrs S' joint names and signed by both of them. Although I know that Mr S feels that direct contact should have been made with Mrs S, I wouldn't expect Platform to have contacted Mrs S directly before giving agreement to lend, or for it to write to both borrowers separately after the mortgage was given.

So I don't think it's fair to say that Platform shouldn't have provided the mortgage on the

basis of the documentation provided.

I can see that the mortgage offer clearly explains the terms of the mortgage, including the amount being borrowed and that the mortgage was on interest only terms. There's nothing in the application form to indicate the purpose of the re-mortgage was to raise money for Mr W's business as Mr S has suggested. It says Mr W and Mrs S were looking to raise money for home improvements. The only unsecured debt declared was a personal loan for £2,000 in Mr W's name. I'm conscious that Mr S has told our investigator that no home improvements took place around 2008. However, I don't think Platform would have been aware of this.

Mr S has raised a number of further points about Platform's actions in 2008. For completeness I will say here that I can see that Platform arranged a property valuation by a RICS qualified surveyor before it agreed to the mortgage. I think Platform was entitled to rely on that valuation in connection with the mortgage.

Mr S has asked whether it was responsible for Platform to lend on interest only terms when it knew (from the application form) that the capital of the mortgage would be repaid by selling the property. That was a valid repayment strategy for repaying an interest only mortgage at the time, so I don't think it would be fair to say that Platform acted unreasonably in choosing to lend on that basis.

Mr S has told us that on Mr W's death Mrs S was shocked to discover that there was no life cover in place to cover the mortgage. I'm sorry to hear that. However, life insurance wasn't a requirement of the mortgage, so it wouldn't be fair to say that Platform made a mistake by not putting it in place.

Taking this part of the complaint as a whole, I don't think it would be fair to say that Platform shouldn't have lent to Mr W and Mrs S in 2008.

#### *arrears*

Mr S has said that he thinks Co-op should write off the arrears on the mortgage given that it stems from one missed payment in the month Mr W died. I understand why he thinks that would be something Co-op should consider. He says that other lenders have done this.

However, Co-op isn't required to write off the arrears that stem from the missed mortgage payment in 2016. So it wouldn't be fair for me to require it to do this.

#### *communications*

Mr S has told us that Mrs S was deeply affected by Mr W's death in 2016. So it was very painful for her to keep receiving letters in his name after this. As far as he's concerned, Co-op had been informed about Mr W's death in 2016, so it should've acted on what it was told then. He says it was disrespectful (and pointless) for it to continue to write to him after this. He has also told us that Mrs S felt intimidated and bullied by Co-op's letters and couldn't cope with them on top of everything else she had to deal with after her husband died. He has described Co-op's actions as "unforgivable".

I'm very sorry to hear about what Mrs S has gone through, and the effect Co-op's letters had. I'm mindful that Mr S says Mrs S was advised by a solicitor not to open any letters addressed to Mr W. I'm also mindful of what Mr S has told us about Mrs S' health in recent years. So I have no doubt that Co-op's contact with Mrs S was unwelcome and distressing. However, I've seen nothing to indicate that Co-op was made aware of this advice or the impact of its letters until Mr S got it touch with it in late 2020. From Co-op's point of view,

contact on the mortgage account stopped for a number of years after 2016, after the mortgage went into arrears.

I don't think it would be fair for me to say that Co-op was wrong to continue to make contact with the borrowers on the mortgage account after 2016. The arrears on the account needed to be repaid, and interest was being added to the account slowly while the arrears remained unpaid. It's also fair to say that Co-op was required to provide regular updates about how the mortgage was progressing.

There's no dispute that Co-op sent letters to both Mr W and Mrs S until it received a copy of Mr W's death certificate in 2020. I'm persuaded that Co-op required that document to take Mr W's name off the account. So I can't say that it made a mistake when it kept Mr W's name on the account, and continued to write to him, until it received the paperwork it needed. I also understand why it needed Mrs S to give her express permission for Mr S to manage the mortgage account for her.

However, Co-op didn't need to contact Mrs S as often as it did after 2016. Although I think it was entitled to contact her about the arrears on the account, I don't think it should have sent letters two-three times a month (sometimes within a few days of each other) as it sometimes did. Given the level of arrears, I don't think there was a danger of Co-op taking possession action. While there's nothing to indicate that Co-op realised the impact of those letters on Mrs S, I can understand why Mr S has told us that Mrs S felt bombarded by their frequency.

In the circumstances, I think it would be fair and reasonable for Co-op to pay Mrs S £450 compensation for this aspect of her complaint. I think that fairly reflects the nature of the Co-op's mistake and the impact the excessive contact had on her. I appreciate that Mr S thinks that isn't enough, but I think it's helpful to say here that my awards aren't intended to punish Co-op. I think the £450 compensation offered also takes into account the fact that Co-op was entitled to send some letters about the account.

Finally I think it's worth saying here that I can see that Mr S has posed a large number of questions he wants the Financial Ombudsman Service to put to Co-op. I appreciate that Mr S wants answers to those questions. However, the Financial Ombudsman Service is an informal dispute resolution service. My role is to help to resolve complaints in a fair and reasonable way. It isn't for me to put each and every question Mr S may have to Co-op or to demand the answers to those questions.

### *moving forwards*

Mr S has told us that he thinks it's unfair that Mrs S should have to take total responsibility for the mortgage now - after the death of her husband. He thinks that's unfair given that Mrs S is adamant that she wasn't aware of the mortgage when it was taken out and her personal circumstances.

I appreciate Mr S' position, and I don't underestimate the impact of Mr W's death on Mrs S. However, the fact remains that Mrs S is solely responsible for the mortgage now, and that she continues to benefit from the mortgage in the sense that it enables her to live in the mortgaged property with her family. So Co-op is entitled to require her to continue to make her monthly repayments and repay the arrears on the mortgage.

If Mrs S is unable to pay the arrears on the mortgage she should contact Co-op, so that it is in a position to put an arrangement in place to repay the arrears. Mrs S may also want to get independent financial advice to explore her options and come up with a plan to repay the balance of her mortgage by the time it ends in 2027.

**Putting things right**

Co-op should pay Mrs S £450 compensation for the mistakes it made communicating with Mrs S after 2016.

**My final decision**

For the reasons set out above, my final decision is that the Co-operative Bank Plc should pay Mrs S £450 to resolve this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs S to accept or reject my decision before 8 August 2022.

Laura Forster  
**Ombudsman**