

## **The complaint**

Mrs B and Mr V complain that The Co-operative Bank Plc (trading as Platform) didn't treat them fairly when they asked for a concession for their mortgage. They ask for compensation.

## **What happened**

Mrs B and Mr V had a residential mortgage with Platform. They'd moved home and were letting out the security property. In late 2022 they asked Platform to switch their mortgage to interest only payments for 12 months while they sold the property or re-mortgaged. Platform declined as they had savings of about £25,000 which they could use to cover any payment shortfall.

Mrs B and Mr V paid their savings into the mortgage account, anticipating that Platform would then agree to switch the mortgage to interest only. They say Platform still didn't agree to this or offer an interest-free mortgage holiday or a new interest rate product. Platform offered a short term reduced payments concession.

Mrs B says they had to borrow to meet their higher monthly payments while on the standard variable rate. Mrs B and Mr V re-mortgaged in March 2023.

Mrs B and Mr V complain that Platform:

- didn't offer support, despite advertising that it supports customers during difficult times
- didn't allow them to switch to interest only payments or offer a payment deferral or new interest rate product
- sent confusing letters about arrears and interest rate changes, and sent letters with different amounts due in December 2022

Our investigator said it was fair for Platform to offer a reduced payment concession which would be reviewed on a monthly basis. He said Platform explained the advantages and disadvantages of this, including that they would pay more interest. Our investigator said Platform's letter about the reduced payment concession was confusing as it set out different payment amounts and arrears from those discussed in a phone call. He recommended Platform pay £100.

Platform agreed. Mrs B and Mr V didn't agree. Mrs B said £100 isn't enough. She said there was no apology or consideration for their circumstances. She said Platform could have offered a switch to interest only and consent to let for 12 months. Instead she says it cost her an additional £6,000 between November 2022 to February 2023.

## **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.

Mrs B and Mr V took out a residential mortgage with Platform in 2016. They moved out of the security property in 2021. Mrs B says they rented out the security property as they were unable to sell it.

Platform wrote to Mrs B and Mr V in mid-2022 to remind them that their interest rate product was due to end. It said if they did nothing the standard variable rate would apply from November 2022. It wrote to them with the new monthly payment from December 2022. Mrs B says they missed the chance to take out a new interest rate product before rates increased as they were dealing with a family illness and bereavement.

It's not clear if Mrs B actually tried to take out a new product or if she's saying she missed the chance to do so due to an error by Platform. I haven't seen evidence that this was the case. It wouldn't have been fair for Platform to allow Mrs B and Mr V to take out a product with an early repayment charge when they intended to repay the mortgage. Mrs B says she intended to take out a tracker product. I don't know if this would have had a product fee. Platform would have had to consider whether it could fairly offer a new residential product with an additional charge for consent to let when Mrs B and Mr V couldn't afford to pay the mortgage.

In early November 2022 Mrs B asked Platform to switch the mortgage to interest only payments for 12 months while they re-mortgaged or sold the property. Mrs B said they'd struggle with the monthly mortgage payments.

Platform asked for information about Mrs B and Mr V's financial circumstances. They said they had savings of £25,000. Platform declined Mrs B's request to switch to interest only payments.

I don't think it was unfair for Platform to decline Mrs B's request to switch to interest only payments for 12 months. They had savings available to cover any shortfall in payments until they re-mortgaged or sold the property. Platform was concerned that the property was being let without consent and Mrs B and Mr V couldn't afford the payments for two mortgages. It had some questions about the marketing of the property and the terms of the tenancy. It noted that the property had been marketed for sale without success (Mrs B said they'd been trying to sell the property for 18 months).

Mrs B said they needed their savings to help family and didn't want to use savings to cover the shortfall in monthly payments. Mrs B then paid all of the savings into the mortgage account. Platform didn't require or suggest Mrs B and Mr V to do this. This was something they chose to do anticipating that Platform would then agree to switch their mortgage to interest only payments.

Platform agreed a one-month reduced payment concession for December 2022. It said this could be reviewed for January 2023 if assistance was still needed. It said it would need to review the position on a monthly basis as Mrs B and Mr V's circumstances were changing and there were items in their budget that they might be able to adjust. Platform told Mrs B the SVR was due to increase which would increase the payment due in January 2023. It explained the advantages and disadvantages of the concession during a phone call, including that it would result in an arrears balance (which they'd have to repay) and higher interest charges. It wrote to Mrs B and Mr V in December 2022 confirming the concession.

Platform calculates interest daily and adds the interest to the mortgage account at the end of the month. This is consistent with the mortgage terms and conditions. The reduced payment concession didn't change this. Platform didn't agree not to apply interest to the mortgage during the concession, and it didn't have to do so. The concession was to allow Mrs B and Mr V to make a reduced payment.

I think the letter sent to Mrs B and Mr V in December 2022 made it clear that interest would still be applied. The letter set out the amount of the reduced payment that was agreed and said the reduced payment would result in arrears of about £400. It said this would increase the balance and, therefore the amount of interest, and the arrears would have to be repaid. However, the letter set out a different amount for the reduced payment (and the arrears) to the amount stated on the call. This could have caused confusion. I think it's fair that Platform pays compensation for this.

Platform declined to give Mrs B and Mr V consent to let out the security property. It said the mortgage wasn't affordable and the rental income didn't cover the mortgage payment. Consent to let would have meant an additional cost for Mrs B and Mr V while they tried to sell the property or re-mortgage. In the circumstances, I don't think it was unfair for Platform to decline consent to let.

Mrs B says Platform should have offered a concession because of her bereavement. I understand this was a difficult time. But I don't think I can fairly find that Platform ought to have offered a concession to Mrs B and Mr V because of their bereavement.

I'd expect Platform to base its decision about what concession it could fairly offer on Mrs B and Mr V's circumstances. To do this it needed them to provide information about their income and expenditure and financial position. Platform agreed a reduced payment concession on the basis this would be reviewed on a monthly basis until Mrs B and Mr V were able to repay or refinance the mortgage. I think, in the circumstances, this was fair.

Mrs B and Mr V say they received confusing letters about arrears and interest rate changes, and letters with different amounts due in December 2022.

Several things happened in late 2022 that affected Mrs B and Mr V's interest and payments. They agreed a reduced payment concession. They made lump sum payments into the account which reduced the balance. And interest rates increased. Mrs B and Mr V also received a letter from Platform when they missed their usual payment date. While I can understand that Mrs B and Mr V found the letters about all this confusing, I don't think that it was wrong or unfair for Platform to send these letters to keep them updated about their account. Platform sent a screen shot of the transactions on Mrs B and Mr V's account in December 2022. While Mrs B was concerned that interest might have been applied more than once, this doesn't look to be the case.

### **Putting things right**

I think it's fair and reasonable for Platform to pay £100 for any confusion caused by the letter it sent in December 2022 about the reduced payment concession.

### **My final decision**

My decision is that The Co-operative Bank Plc (trading as Platform) should pay £100 to Mrs B and Mr V.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs B and Mr V to accept or reject my decision before 29 February 2024.

Ruth Stevenson  
**Ombudsman**