

## The complaint

Mr G is unhappy about poor customer service received from Pepper (UK) Limited trading as Engage Credit.

Mr G's concerns are:

- he is unhappy that his mortgage was transferred from his original lender to Engage;
- the wait times to speak to someone at Engage are unacceptable;
- when he's made overpayments to the mortgage he wasn't immediately sent written confirmation of these.

Unhappy with Engage's customer service, and concerned about poor online reviews of the business, Mr G paid off his mortgage in nine months. He would like Engage to pay him £10,000 compensation.

## What happened

I do not need to set out the full background to the complaint. This is because the history of the matter is set out in the correspondence between the parties and our service, so there is no need for me to repeat the details here. In addition, our decisions are published, so it's important I don't include any information that might lead to Mr G being identified. So for these reasons, I will instead concentrate on giving a brief summary of the complaint, followed by the reasons for my decision. If I don't mention something, it won't be because I've ignored it; rather, it'll be because I didn't think it was material to the outcome of the complaint.

Mr G took out his mortgage in 2018 with a bank I will refer to as MH over a 30-year term. In 2022 MH decided to withdraw from the UK mortgage market and arranged to transfer its mortgage book to other providers. Mr G's mortgage was transferred to Engage in September 2022, at which point there was about £67,000 outstanding on the mortgage.

On 2 September 2022 Mr G emailed MH expressing his disappointment that his mortgage was now held with *"an appalling sub-prime lender"*. He asked for a copy of his mortgage terms and conditions and an up-to-date mortgage statement.

On 7 October 2022 Mr G complained again to MH, saying that Engage didn't answer the phone and didn't accept email communication. He was trying to contact Engage to arrange overpayments as he needed to ensure the mortgage was repaid before the end of the fixed-rate period. He said this would involve him overpaying by £8,375 per month.

Mr G explained that he was doing this because *"I am informed that this god-awful sub-prime lender you have dumped my mortgage with offers sub-prime standard variable rates together with appalling 'haphazard' service levels..."* Mr G said that MH should pay Engage £10,000 to reduce his mortgage balance.

MH refused to respond further to Mr G or accede to his demands for compensation, but forwarded the complaint to Engage.

Mr G made overpayments on 10 October 2022 and 3 November 2022. He received confirmation of this from Engage on 26 October 2022 and 8 November 2022 respectively.

Engage spoke to Mr G about his complaint on 7 October 2022, when he was provided with the customer service email address to use for any further queries. Engage's notes also show that it acknowledged receipt of Mr G's complaints in two letters dated 13 October 2022 and 4 November 2022. The final response letter was issued on 28 December 2022.

In that letter, Engage explained that there would be no changes to the terms and conditions of the original mortgage with MH.

With regard to wait times on the telephone, Engage explained that due to the economic climate at the time the events complained of occurred (September/October 2022), it had been experiencing a higher than normal volume of calls, over which it had no control.

Engage acknowledged that it should have sent confirmation of the overpayments sooner, and offered £50 compensation for this.

Unhappy with Engage's response, Mr G raised his complaint with the Financial Ombudsman Service. Mr G said he was "*terrified*" of having to deal with Engage, as a result of which he'd been forced to pay off the mortgage, which he'd finally done in April 2023. Mr G said that he'd looked at moving his mortgage to another lender, but wasn't able to do so. He therefore felt he had no option but to pay off the mortgage.

Mr G said that with every overpayment he'd sent "*mildly threatening*" letters to MH, which had been forwarded on to Engage. Mr G said that, because of what he'd been through, he wanted the Financial Ombudsman Service to impose a substantial penalty on Engage "*that hurts them*", because otherwise Engage is "*just going to laugh in everybody's face*". Mr G was looking for compensation of £10,000.

An Investigator looked at what had happened. She explained that the mortgage terms and conditions allowed it to be transferred to Engage. In relation to the call wait times, the Investigator was satisfied that, at the relevant time, there were higher than usual call numbers, which meant that all customers, not just Mr G, were experiencing difficulty. As a result, she didn't think he'd been treated differently from other customers trying to contact Engage.

The Investigator noted that Engage had acknowledged it hadn't sent confirmation of overpayments immediately in October 2022 and November 2022, but she thought the £50 compensation offered for this was fair and reasonable. In relation to Mr G's decision to repay the mortgage, the Investigator wasn't persuaded that this was at the instigation of Engage, but was Mr G's choice to do so.

Mr G didn't accept the Investigator's findings and asked for an Ombudsman to review the complaint. He's raised no new evidence or arguments, but in summary, he says:

- the Investigator overlooked the fact that he could only contact Engage by escalating complaints through MH;
- an Ombudsman is not going to agree that, because other customers had difficulty contacting Engage due to call volumes, that this is acceptable;
- Engage is required to pay compensation because it is in breach of its regulatory

obligation to provide customers with a decent standard of service.

Because the matter is unresolved it has been passed to me for a final decision.

### **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'll start with some general observations. We're not the regulator of financial businesses, and we don't "police" their internal processes and systems, enforce regulatory compliance or oversee how they operate generally; that's the role of the regulator, the Financial Conduct Authority (FCA). Given this, whilst I've noted Mr G's request that the Financial Ombudsman Service imposes a substantial financial penalty on Engage in order to punish it, it's not within my powers to fine Engage. Where the FCA considers it appropriate to do so, it can fine or sanction financial businesses, but that's not what the Financial Ombudsman Service does; we consider complaints between individual consumers and businesses.

The issues giving rise to this complaint arose between September 2022 and November 2022. I am aware from his initial phone call to our service that Mr G has various other grievances against Engage and a separate complaint has been set up for those matters.

***Transfer of the mortgage:*** The terms and conditions of the mortgage allowed it to be transferred to Engage. If Mr G is unhappy that MH transferred the mortgage to Engage, or breached any duty of care Mr G believes MH owed him, he'll need to take this up with MH.

It's worth mentioning here that Engage confirmed to Mr G in its final response that the mortgage terms and conditions would remain unchanged. When informing Mr G of the transfer, MH should also have confirmed this. However, if it did not, then again, that's something Mr G will need to raise with MH. There is nothing untoward in Engage taking over this mortgage and so I don't uphold this part of the complaint.

***Telephone wait times:*** In late September/early October 2022 Engage, in common with all other mortgage lenders and servicers, was experiencing an unprecedented number of calls. This was as a result of a 'mini-budget' by the then Chancellor of the Exchequer which had taken place on 23 September 2022, and which threw the financial markets into turmoil, with an increase in Bank of England Base Rate and a knock-on effect on mortgage interest rates. In addition, Engage had just taken on part of MH's mortgage portfolio, which in turn had led to an increase in calls.

I appreciate that it was frustrating that Mr G wasn't able to speak to anyone at Engage when he tried calling. But I can't tell Engage how to run its business or dictate staffing levels in its call centres.

However, I also note that Mr G *did* in fact speak to Engage on 7 October 2022 and, according to Engage's contemporaneous note, he was given the customer service email address. I see that Mr G emailed Engage on 31 October 2022 attaching a complaint he'd made against MH that it had breached its duty of care to him when it transferred his mortgage account to Engage.

I'm therefore not persuaded that Mr G was unable to communicate with Engage as he claims. I appreciate there were long call wait times, but I'm satisfied Mr G had both telephone and email communication with Engage during the relevant period – perhaps not

within the timescale he would have liked, but overall I'm satisfied that Engage did respond to Mr G directly. I'm therefore not upholding this part of the complaint.

**Acknowledging overpayments:** Engage has acknowledged that it should have given Mr G written acknowledgement of overpayments on the mortgage sooner than it did. Engage's service standard is five working days. The payment he made on 10 October 2022 wasn't acknowledged until 26 October 2022, so outside the service standard. The payment made on 3 November 2022 was acknowledged on 8 November 2022, so within the service standard.

Engage has offered compensation of £50 for any delay in acknowledging overpayments. I think this is fair and reasonable in the circumstances, and proportionate to the short delay in acknowledging the October 2022 payment.

**Repayment of the mortgage:** I'm not persuaded Mr G had no option but to repay his mortgage. The terms and conditions remained unchanged from those agreed to in the original contract with MH, and he was not, as he claims, a "*mortgage prisoner*". The decision to repay the mortgage before the end of the term was entirely that of Mr G. Given this, I can't hold Engage responsible for the financial (or any other) consequences for Mr G arising from that decision. I don't therefore uphold this part of the complaint.

I appreciate this isn't the outcome Mr G was hoping for. I can tell from what Mr G told us, MH and Engage that he feels very strongly about this matter. But overall, other than a short delay in acknowledging an overpayment (and for which Engage has offered suitable compensation), I'm unable to find that Engage has done anything wrong.

I'm aware that Mr G is likely to disagree with my decision, given that the compensation of £50 I'm awarding is substantially less than the £10,000 Mr G is claiming. If Mr G doesn't accept my decision, it won't be legally binding on him or Engage, and he'll be free to pursue his grievances in court, should he wish to do so. Mr G might want to take legal advice before embarking on any legal action.

### **My final decision**

My final decision is that in settlement of this complaint Pepper (UK) Limited trading as Engage Credit must pay Mr G £50 compensation for distress and inconvenience. I make no other order or award.

This final decision concludes the Financial Ombudsman Service's review of this complaint. This means that we are unable to consider the complaint any further, nor enter into any discussion about it.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 11 March 2024.

Jan O'Leary  
**Ombudsman**