

The complaint

Mr D and Mr P complain that The Mortgage Works (TMW) failed to inform them that their mortgage term was coming to an end and they've lost out as a result.

What happened

Mr D and Mr P took out a Buy-to-Let mortgage with TMW in 2007. This was for a loan amount of £165,000 plus £860 fees. The mortgage was on an interest only basis over a term of 15 years.

Throughout the term of the mortgage, TMW has sent correspondence such as annual statements to the mortgage accounts main correspondence address.

Following the term coming to an end on 31 July 2022, TMW sent letters confirming they no longer issue this type of mortgage and so the mortgage would need to either be redeemed in full or a re-mortgage application be made. Letters were sent in February 2022, July 2022, August 2022, September 2022 and November 2022. The letter in November 2022 outlined if there was no response, the mortgage would be transferred to TMW's collections and recoveries department in order to appoint receivers.

Following contact from Mr D, TMW explained in a phone call on 8 December 2022 that they would recall the mortgage back from the receivers and no fees would be applied. This was due to the fact the letter sent in November 2022 should have been sent to both Mr D and Mr P. During this call Mr D also explained Mr P had moved address, although TMW needed Mr P to contact them to update this.

The mortgage was redeemed in January 2023 and Mr D and Mr P complained to TMW in March 2023. Mr D and Mr P said TMW failed to act in a fair and reasonable way when administering their Buy-to-Let mortgage. Mr D and Mr P highlighted they had not received any letters stating their term was due to end in July 2022. And had they been made aware; they say they could have arranged a mortgage in July 2022 on an interest rate of around 3.29% as opposed to the rate of 5.81% they obtained in December 2022.

TMW responded to state they didn't think they had made an error in progressing the mortgage to their collections department in order to appoint receivers. Although TMW acknowledged the letter of 4 November 2022 should have been sent to both Mr D and Mr P. They also acknowledged a copy of letters being sent following a request from Mr D had the incorrect address on the covering letter. TMW offered £215 to recognise its error.

Our investigator looked at this complaint and agreed with how TMW had offered to put things right. They outlined they were satisfied annual statements had been sent throughout the term which provided sufficient information for Mr D and Mr P to have been aware of when their term was coming to an end. The investigator also stated they could see term end letters were sent to Mr P's address and that there was no evidence to suggest a change of address had been requested for Mr P.

Mr D and Mr P disagreed, they explained TMW failed to update their records as they have previously made them aware of Mr P's address change. They feel it failed to do what it should here and the complaint should be judged on the balance of probability, with the error made in the cover letter sent being a demonstration of the errors TMW's likely made. Mr D and Mr P also explained the annual statement's purpose isn't to inform a customer of their mortgage coming to an end. They also reiterated the end of term letters not being received in time has meant they've incurred a financial loss of around £20,000 over the term of the mortgage now.

The investigators opinion remained unchanged, and the complaint has been passed to me for a 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've decided to not uphold this complaint – for broadly the same reasons as the investigator. I appreciate this will be disappointing for Mr D and Mr P but I'll explain why I don't think TMW needs to do anything else to put things right.

The mortgage was taken out on an interest only basis with a 15-year term. This meant the outstanding capital would always need to be repaid at the end of the term, in line with the terms agreed.

Looking at the timeline of events, there is no dispute that annual statements have not been received by Mr D and Mr P. Whilst Mr D and Mr P explain annual statements aren't primarily to inform customers of their mortgage ending, I do have to acknowledge it provided important information such as the outstanding balance, the mortgage type, how long is left remaining on the term and information explaining the balance would need to be repaid at the end of the term.

I've also considered that Mr D and Mr P aren't residential customers, they are Buy-to-Let customers which are using the mortgage as an investment vehicle. This puts more emphasis on Mr D and Mr P ensuring they have awareness of when the term was due to end and ultimately it is their responsibility to ensure it is repaid on time. And I'm satisfied TMW have provided information throughout the mortgage term to notify them of this.

TMW have sent confirmation of the term coming to an end on a number of occasions between February 2022 and November 2022. This was sent to Mr P. I can see these letters were correctly addressed and so there isn't anything to suggest these weren't received. I acknowledge Mr D and Mr P have stated they have informed TMW of a different address for Mr P and also requested for documents to be sent to Mr D as the main correspondence address, but there is no evidence of this happening prior to the conversation on 8 December 2022. As such, I cannot determine there was an error when the address wasn't changed sooner.

Mr D and Mr P have explained they think we should consider this on the balance of probabilities, and due to issues with TMW sending a covering letter with the incorrect address in January 2023, it's likely they haven't sent previous correspondence correctly. I appreciate why they have made this point and it is understandable why they have questioned what has been sent previously.

Looking at the contact notes, I can see calls have been noted at the relevant times these were made and outside of the letter in January 2023, correspondence has been correctly addressed. Taking this into account, on balance, had Mr D and Mr P contacted TMW to change an address I would have expected to see a footprint of this. This is because TMW has accurately recorded previous conversations and there isn't anything to suggest TMW haven't acted on information provided to them by Mr D and Mr P.

I acknowledge the letter in November 2022 should have been sent to both Mr D and Mr P. I don't think it was unreasonable for TMW to have progressed the mortgage to this stage, but I do agree they should have sent a letter to both parties informing them of this action. TMW returned the account from the receivers and waived any fees associated with this, which is a reasonable approach. I also think the offer of £215 is fair in the circumstances of the complaint.

Ultimately, while Mr D and Mr P have explained they didn't receive the term end letters, I'd need to be persuaded that this was because they hadn't been sent by TMW. And as I've said, I've seen copies of these letters correctly addressed and while Mr D and Mr P may not have received these, I cannot say this is because of an error made by TMW. I also think, for the reasons I've explained, the annual statements that have generally been received without dispute, provided information which included details on the balance and remaining term of the mortgage.

Overall, I am satisfied TMW have provided information to Mr D and Mr P throughout their mortgage term about when the mortgage was due to come to an end and also sent the relevant term end letters. It follows that I don't think it would be fair to say TMW can be held responsible for Mr D and Mr P not deciding or planning to re-mortgage sooner. And I think TMW acted fairly when recognising the error for not sending the November 2022 letter to both Mr D and Mr P and I don't think TMW needs to do anything else to put things right.

My final decision

For the reasons I've explained above, I don't uphold Mr D and Mr P's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D and Mr P to accept or reject my decision before 19 March 2024.

Thomas Brissenden
Ombudsman