

The complaint

Ms K complains that Blemain Finance Limited trading as Together will not allow her to extend the term of her loan or accept reduced payments for the remaining term.

What happened

Ms K and her late husband took out a secured loan with Together in 2005 set to run for 25 years.

Ms K is now solely responsible for the loan and is struggling to meet her repayments. She has asked Together whether it would be willing to write off the remainder of the loan on compassionate grounds given what has happened to her and her family over the years. Failing that, she asked if Together would agree to extend the term by a further seven years so she could reduce her monthly payments but still ensure the loan was fully repaid or switch her to interest only.

Together declined to meet Ms K's requests so she raised a complaint. Together investigated Ms K's concerns but did not uphold her complaint. It reiterated that it would not be willing to write off the remainder of the loan and that it would be inappropriate to grant a term-extension or change the mortgage to interest only as the information Ms K had given it suggested she could not afford this.

Dissatisfied with Together's response, Ms K referred her complaint to our Service. She explained that she is not trying to get out of paying the loan and instead wants Together to allow her to do so over a longer period in a more affordable way.

One of our investigators looked into the complaint but didn't think it should be upheld. He acknowledged why Ms K had made the requests to vary her loan, but he didn't think Together had acted unreasonably in declining these proposals. He highlighted that Ms K's financial information indicated that she was unable to make any payments towards her loan so extending the term would not be appropriate and as she didn't want to sell her property, he didn't think switching the mortgage to interest only would assist her.

Ms K disagreed with the assessment reached by the investigator. She reiterated what had happened to her family over the years and the financial position she now finds herself in. She explained she would like to continue living in the property, paying an amount she deems affordable each month over a longer term. Alternatively, she would like to arrange for her daughter to inherit the property and sell it to clear any remaining debt with Together. She also maintains her request that Together ought to take a compassionate view of what has happened and write off the remaining balance if it isn't prepared to accept her proposals.

As the complaint could not be resolved informally, it has now been passed to me to issue 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.

Although I've read and considered the whole file. I'll keep my comments to what I think is relevant. If I don't comment on any specific point, it's not because I've not considered it but because I don't think I need to comment on it in order to reach the right outcome.

Having considered this case carefully, I do not uphold it. I appreciate this will come as a disappointment to Ms K and that she feels Together should be doing more to help her. But I hope my explanation will help her to understand why I have reached this decision.

Ms K would ultimately like Together to write off the remaining balance on the loan. Bringing the loan to an end and stopping any future payments falling due. I can understand why Ms K wants this, but it is not something that I could direct Together to do unless I found that it had made an error or was in some way treating Ms K unfairly to the extent that clearing the remaining loan balance would be an appropriate form of compensation. This isn't the case here. Having reviewed the evidence available to me, I do not find that Together has acted incorrectly or unfairly by declining this request from Ms K.

While Ms K refers to another company agreeing to look into matters in light of her personal circumstances, that does not mean that Together has acted incorrectly in declining to do the same.

Ms K also asked that Together extend the term of her loan by another seven years which would hopefully have the effect of halving her monthly repayments. Together considered this request and gathered information about Ms K's financial circumstances to determine whether this would be both affordable and sustainable for her. However, Ms K's financial circumstances suggested she was unable to afford to contribute anything toward her loan, including the reduced amount that would be achieved by extending the term. So, it did not agree this would be appropriate in the circumstances.

Ms K has also asked that the mortgage repayment type be switched to interest-only and for her to be allowed to remain in the property until it passes to her daughter. She has suggested her daughter would then clear the outstanding balance with Together. Understandably, Together has not accepted this proposal.

What Ms K is effectively asking for here is an equity release mortgage - something Together does not offer. Instead, a traditional interest only mortgage would still require Ms K to repay the capital balance at the end of the term and would not permit her to wait until the property passed to her daughter for the balance to be repaid. In addition, Ms K would still need to show she could afford the monthly repayments needed under an interest only mortgage, something her financial information does not support. So, I don't agree Together has acted unreasonably in not granting this request.

I can see Together has offered to provide Ms K with further support if she re-engages with it and explains how she is managing to make payments each month despite her financial information suggesting she would be unable to maintain this. I would urge Ms K to get back in contact with Together and share updated financial information with it which shows how she is making the part payments. Without Ms K engaging with Together properly, it is unable to determine if there is an affordable way for Ms K to continue to repay her loan.

If Ms K does re-engage with Together, I would expect it to take a holistic view of Ms K's circumstances when considering whether it is able to offer her any appropriate forms of forbearance.

On a final note, Together has also encouraged Ms K to seek financial advice. Something

Ms K has declined as she worries it will have an adverse impact on her. I would like to reassure Ms K that seeking financial advice is not something that would lead to any 'black mark' being put against her name as she has suggested. Instead, it would give her the opportunity to discuss her finances with an independent party and ensure that she is on track to meet her commitments and explore what options are available to her if she is not.

Overall, while I sympathise greatly with the position Ms K is in and I do not dispute that she has gone through some very difficult times, I do not find that Together has acted unfairly or unreasonably in response to her proposals.

My final decision

For the reasons detailed above, I do not uphold Ms K's complaint against Blemain Finance Limited trading as Together.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms K to accept or reject my decision before 19 September 2024.

Lucy Wilson
Ombudsman