

## **The complaint**

Mr M's complaint is about his mortgage account with Bank of Ireland (UK) Plc (BOI). Mr M is unhappy about the interest rate charged by BOI on his mortgage, and about pressure put on him by BOI to repay the mortgage.

## **What happened**

Mr M has an interest-only residential mortgage, originally taken out in 2007 with Bristol & West, which later became part of BOI. The mortgage was for £210,206.50 (including fees) and was on an interest-only basis over a term of 13 years. The mortgage was initially on a fixed rate of interest until August 2009, and the mortgage offer shows that after that the interest rate would be charged at Standard Variable Rate (SVR), which is at a margin of 2.5% above Bank of England Base Rate (BOEBR).

The mortgage term expired on 31 January 2021, but the outstanding balance hasn't been repaid, and substantial arrears have accrued. The property has been rented out with the consent of BOI since 2014. After the mortgage term expired, BOI explained that it would no longer give consent for the property to be occupied by tenants.

In 2023 Mr M complained to BOI about increases in SVR, which were causing him financial difficulty. BOI didn't uphold the complaint, explaining that it was entitled to vary SVR in line with changes to BOEBR. Dissatisfied with BOI's response, Mr M raised his complaint with our service.

An Investigator looked at what had happened, but didn't think BOI had done anything wrong. Mr M asked for an Ombudsman to review the Investigator's findings. Mr M said that he's been trying to sell the property, and that the pressure put on him by BOI, both by the increases in SVR and the threats to take him to court to repossess the property, are having a detrimental affect on his health.

## **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.

**Interest rate:** I appreciate that over the last two years BOEBR has increased, after being at a very low level since March 2009. I do therefore understand that recent increases in BOEBR have impacted on not just Mr M, but other customers whose variable mortgage interest rates are linked to BOEBR.

The SVR is specified at a margin of 2.5% above BOEBR, and I'm satisfied that this is the rate of interest BOI has charged. Mr M hasn't therefore been overcharged interest, or been treated differently from any other borrower on the same rate. BOI is entitled to vary the rate of interest in line with the mortgage contract terms, and I'm satisfied it has done so.

I'm therefore unable to find that BOI has done anything wrong, and so I don't uphold the complaint.

**Other matters:** The mortgage term expired on 31 January 2021, over three years ago. The mortgage was granted to Mr M on an interest-only basis, in the expectation that the capital balance would be repaid by 31 January 2021. It was Mr M's responsibility to ensure either that he had sufficient funds available to repay the balance by the end date, or alternatively sell the property, or re-mortgage to another lender in order to pay off the mortgage.

I appreciate that Mr M is very stressed at the position he's now in, as he's finding it difficult to sell the property. I can only reiterate what our Investigator told Mr M – that he should seek independent advice.

Mr M has already been provided with details of free advisory services he can contact. I note that for the last ten years the property has been rented out. Mr M might therefore find it helpful to speak to an independent financial advisor to see if it might be possible for him to take out a buy-to-let mortgage on the property.

As a last resort, if Mr M is unable either to sell the property or re-mortgage it, BOI will be entitled to pursue its legal remedies and take possession. Where a mortgage term has expired, the powers of the court to suspend possession are very limited.

I don't wish to alarm Mr M, as I know the situation is causing him some anguish, but I would urge Mr M to seek some advice about his options. I must also remind BOI of its obligation to treat Mr M sympathetically due to his vulnerabilities and to offer any assistance it can while Mr M is making arrangements to repay the mortgage, either by a sale of the property or a new mortgage to another lender.

### **My final decision**

My final decision is that I don't uphold this complaint.

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 M to accept or reject my decision before 28 May 2024.

Jan O'Leary  
**Ombudsman**