DRN-4632361

The complaint

Mr G complains that Pepper (UK) Limited, trading as Engage Credit, hasn't treated him fairly when he's experienced financial difficulties. He's unhappy about the mortgage balance, and in particular with fees, charges and additional interest Engage and predecessor lenders have added to the mortgage balance.

What happened

Mr G took out his mortgage with another lender, GMAC-RFC Limited, in 2007. He borrowed around £120,000 over a term of 25 years. The loan was transferred to other lenders in the years that followed, most recently to Engage in 2013, where it has remained ever since.

Mr G's mortgage has been in arrears since Mr G was unfortunately involved in a serious accident more than ten years ago, which affected his ability to work and to manage his mortgage. Engage and its predecessors have added various fees and charges to the mortgage balance, and the arrears have also resulted in additional interest being applied. Engage has also taken legal action several times over the years, though the property hasn't been repossessed. The most recent legal action was withdrawn in early 2020 because of the moratorium on repossessions during the coronavirus pandemic.

Mr G has made many complaints about his mortgage over the years, some of which he has brought to the Financial Ombudsman Service. The complaint at hand here is mainly about the fees and charges, and additional interest, added to Mr G's mortgage balance.

Our Investigator said that time limits apply to Mr G's complaint, and that we won't generally reconsider complaints we've looked into before. The Investigator concluded that this meant we couldn't look into all of the complaint points Mr G has asked us to consider now. Mr G didn't accept that conclusion, so in January 2024 an Ombudsman colleague issued a decision confirming which parts of this complaint the Financial Ombudsman Service can and can't consider.

The Ombudsman concluded that we can consider whether Engage has treated Mr G fairly in his financial difficulties, including by adding fees, charges, and additional interest to the loan balance. But we can't consider:

- Anything that happened before 23 April 2015 (the date of one of Engage's final response letters);
- The fairness of taking legal action in 2016;
- The termination of calls in January / February 2020; or
- The adjournment of, and adding to the mortgage balance the costs of, the November 2019 court hearing.

Our Investigator then looked into the parts of the complaint he could consider. He concluded that the fees and charges Mr G was unhappy about had been applied fairly and in line with the mortgage terms, and he didn't think Engage had treated Mr G unfairly overall.

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.

An Ombudsman colleague has issued a decision setting out which parts of this complaint the Financial Ombudsman Service can look into, and I agree with the conclusions he reached. Mr G has been unhappy about his mortgage and the way Engage and its predecessors have treated him for many years. He has made a number of complaints and has continued to pursue those complaints after Engage has issued final responses and the Financial Ombudsman Service has given its view.

Engage has said to Mr G that it won't continue going over old ground, and it won't reconsider matters it has already dealt with. I think this was reasonable in the circumstances, and it's the same approach the Financial Ombudsman Service takes.

Mr G remains unhappy about insurance premiums that were added to his mortgage some years ago, as well as charges added over the life of the mortgage. An Ombudsman at the Financial Ombudsman Service issued a final decision in 2014 addressing the insurance complaint. Mr G's complaints about other charges applied before 23 April 2015 have also been responded to before. I can't therefore decide those issues now.

Mr G has provided copies of letters he received from solicitors representing Engage in 2020, saying the solicitors had referred correspondence they had received from him dating back to 2015 to Engage to respond to. Those emails were asking questions about insurance and whether Engage followed Financial Ombudsman Service decisions, and they relate to an email Mr G originally sent to Engage in January 2015. Engage gave its answers to this in a final response in April 2015. This issue is therefore time-barred now and I can't look into it. While Mr G has been clear that Engage didn't answer his questions to his satisfaction, it's not a complaint I can determine now, and nor will another Ombudsman be able to do so in future.

The 2015 emails and complaint are also what Mr G was asking about when Engage disconnected a call with him in October 2021. The transcript of the call shows that the Engage agent explained they would have to end the call because Mr G wanted to discuss a complaint he had made in 2015 which Engage considered it had already dealt with. While I can't consider Engage's response to Mr G's 2015 questions and complaint, I can consider the 2021 call – and I think it was reasonable for Engage not to continue with the discussion in the particular circumstances of the call. It wasn't a matter it could help Mr G with, and the agent explained that to him multiple times.

Turning now to the remaining issues I can decide in this complaint in the period since 23 April 2015, Mr G considers that Engage has exploited him as a vulnerable person, and set out to increase his mortgage balance by adding charges to it.

I've looked very carefully at the history of the mortgage, the fees and charges Engage has applied, its contact with Mr G and the action it has taken when there have been arrears, and its overall treatment of him since 23 April 2015. Having done so, while I realise Mr G will be disappointed, I don't consider that I can fairly uphold his complaint.

Engage has sent Mr G copies of its responses to his complaints, copy statements and transaction histories for his mortgage, which include the charges and fees applied to it and the refunds made to it over the years. They show that Engage has added monthly arrears fees to the mortgage in months when the mortgage has been in arrears by more than a month and when no payment arrangement has been in place. It has also added interest on those fees. The mortgage terms and conditions allow charges and additional interest to be applied, and I don't think it was unreasonable for Engage to apply them in the circumstances. It carried out additional work in managing the mortgage and trying to contact Mr G. It was entitled to recover its costs in doing so, and I'm satisfied that the fees it applied were in line with its published tariff.

Engage has also added solicitors' costs to Mr G's mortgage for court action it has taken over the years as a result of the arrears. I only have jurisdiction to consider some of those solicitors' costs, and I'm satisfied that Engage was entitled to pass on to Mr G the legal costs it incurred as a result of that action and that it wasn't unfair in doing so.

Mr G has questioned the payments made to his mortgage, and has said some payments have been credited late. In particular, he has pointed to multiple payments from the Department for Work and Pensions (DWP) which were applied to the mortgage in June 2019 but which he says should have been credited many months earlier. I find nothing to show that this was because of anything Engage did wrong: Engage received the payments for the mortgage in June 2019, following Mr G's request that it complete and send a form to the DWP to facilitate this. I can't see that there was any unreasonable delay on Engage's part in doing this.

The various payments debited to the mortgage, also in 2019, were a result of direct debit indemnity claims made to Mr G's bank. Those claims meant that the payments were refunded to Mr G's bank account and debited to the mortgage, backdated to the date the payments had been received, resulting in arrears. That is usual practice and is how a direct debit indemnity works. Engage wrote to Mr G explaining the impact of this on his mortgage in August 2019.

Engage has known about Mr G's accident and the impact it has had on his health, and that Mr G is vulnerable, for many years. In all the circumstances, and bearing in mind the limits on what I can consider in this complaint, I don't think it has treated him unfairly in light of that. It may still add fees and charges to the mortgage and take action, including legal action, to recover arrears where appropriate, although it should keep Mr G's difficult circumstances in mind. I think it has done that. Mr G has said he's unhappy with the letter Engage sent him in June 2023, when his mortgage wasn't in arrears, saying he could contact it if he expected to have any difficulty in making his mortgage payments. This was a proactive approach for Engage to have taken to offer help to its customers, and while it's unfortunate that it caused Mr G some upset, I don't find that Engage did anything wrong in writing to him in these terms.

For these reasons, I don't require Engage to make any refunds to Mr G's mortgage or take any other corrective action.

My final decision

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 27 May 2024.

Janet Millington
Ombudsman