

The complaint

Mr L complains about the way UCB Home Loans Corporation Ltd dealt with his buy to let mortgage after the term expired.

What happened

The term of Mr L's interest only buy to let mortgage expired in late 2021 with an unpaid balance. UCB agreed informal term extensions to allow Mr L time to make arrangements to repay the mortgage. It agreed a final extension to 31 January 2023.

Mr L had an original loan and a further advance, and so had two mortgage accounts. I will just refer to the mortgage.

Mr L repaid the mortgage in February 2023. He says UCB failed to send him an up-to-date redemption statement, which delayed him repaying the mortgage. He says it unfairly appointed a receiver in early February 2023, which caused him distress and embarrassment. And, after he'd repaid the mortgage, it said he owed about £1,000 without explaining what this was for.

Our investigator said it would have been helpful if UCB had included the mortgage balance in one of its letters, but hadn't treated Mr L unfairly. She said it offered term extensions and Mr L didn't keep it informed about his plans to repay the mortgage. Our investigator said UCB had refunded charges of about £780 and offered compensation of £250, which she said was fair.

Mr L said UCB had only refunded costs that he considered shouldn't have been applied to his account. He said it hadn't offered compensation for stress or damage to his reputation caused by the receiver telling his tenants and business associates that he'd failed to service the mortgage in accordance with its terms.

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.

Where the evidence is incomplete, inconclusive or contradictory, I reach my decision on the balance of probabilities – in other words, what I consider is most likely to have happened in light of the available evidence and the wider circumstances.

The term of Mr L's mortgage expired in late 2021 with an unpaid balance, which Mr L couldn't repay. UCB agreed a term extension to 31 December 2022. In late 2022 Mr L asked UCB to extend the term again, to 31 January 2023 as he expected to have funds by then to repay the mortgage.

Mr L says UCB was therefore aware that he intended to repay the mortgage by 31 January 2023 and should have sent a redemption statement. He says its failure to do so is the reason he was unable to repay the mortgage by 31 January 2023.

I don't think UCB made an error, and I don't think it was responsible for Mr L being unable to repay his mortgage before the end of the extension.

Mr L asked for a further term extension and UCB agreed to this. Mr L could have asked UCB for a redemption statement once he knew he was in a position to repay the mortgage. Instead, Mr L contacted UCB in mid-January 2023 to request more time as he was still awaiting funds. Based on the available evidence, I don't think Mr L told UCB how he intended to fund repayment of the mortgage or confirmed to it that he had the funds to do so until 3 February 2023. At that point, UCB arranged to send a redemption statement.

UCB had sent a redemption statement in December 2021 when the term ended. Mr L says this set out all of the details to make the payment. I don't think that means UCB had to send a redemption statement before the end of each informal extension without Mr L requesting this. I haven't seen anything to suggest UCB led Mr L to believe that it would do so.

If Mr L was, as he says, desperately trying to make the repayment before 31 January 2023 he could have called UCB and asked for a redemption statement. While Mr L says he called UCB on or shortly before 31 January 2023 to arrange redemption, UCB has no record of this and the available evidence doesn't support what Mr L says. For instance, Mr L said in his letter to UCB dated 3 February 2023 that he'd tried to repay the mortgage on 31 January 2023 using the details provided in December 2021. He said he'd tried to contact UCB that week but had been unable to reach UCB by phone until 3 February 2023,

UCB wrote to Mr L in January 2023 to say that it wouldn't extend the term past 31 January 2023. It asked Mr L to let it know what his plans were to clear the mortgage balance. It said if it didn't hear from him within 14 days (by 23 January 2023) it would pass the account to its recoveries team to appoint a receiver.

UCB instructed a receiver on 2 February 2023 and wrote to Mr L to confirm this. There was no requirement for UCB to send a redemption statement before appointing a receiver. Mr L says he was caused stress and humiliation when his tenants and business associates were contacted by the receiver. However, the mortgage wasn't repaid by 31 January 2023. UCB had made it clear this extension was the last. And Mr L hadn't contacted UCB as it had requested to explain his plans to repay the balance. I don't think it was unreasonable or unfair for UCB to instruct a receiver.

Mr L asked for a redemption statement on 3 February 2023. UCB says it sent this on 8 February 2023 and its records support this. Based on the available evidence I don't think that Mr L requested a redemption statement before 3 February 2023.

Mr L says he sent funds to repay the mortgage from his bank on 3 February 2023. However, the CHAPS payment confirmation he provided says the payment date was 6 February 2023. UCB received the funds on 6 February 2023.

Mr L says he was told by the receiver its appointment had been validated on 7 February 2023. UCB's records show it instructed the receiver and the receiver accepted the appointment on 2 February 2023. UCB wrote to Mr L to confirm the appointment on 2 February 2023. So Mr L's redemption payment was made several days after UCB had instructed the receiver.

On 8 February 2023, UCB completed checks and applied the funds to redeem Mr L's mortgage. UCB adjusted interest applied to Mr L's mortgage as if the redemption payment had been applied to the mortgage account on 6 February 2023. I think that was fair. That doesn't mean that it should have dis-instructed the receiver on 6 February 2023. UCB removed the receiver on 8 February 2023 and wrote to Mr L to confirm this. I don't think

there was any unreasonable delay in UCB removing the receiver once the account was redeemed.

If Mr L has any concerns about the conduct of the receiver he would need to address these to the receiver.

Mr L says he didn't receive the redemption statement sent on 8 February 2023. UCB can't now provide a copy. It offered to provide a statement as at closure. I think that's reasonable.

The amount Mr L paid on 6 February 2023 wasn't enough to repay the mortgage. There was a shortfall of about £1,000. UCB wrote to Mr L to ask him to pay the outstanding amount. It said it can't close the mortgage accounts until the shortfall is cleared.

UCB said while it hadn't made an error when it instructed the receiver, as a gesture of goodwill it refunded charges related to this (about £800). This reduced the shortfall amount owed by Mr L. UCB has written to Mr L asking him to pay the amount he now owes.

UCB paid £150 compensation for a delay in getting back to Mr L after he raised concerns.

UCB offered another £100 for being unable to re-send a letter sent on 1 March 2023. I understand this hasn't yet been paid.

I don't think UCB made an error when it instructed the receiver. It follows that I don't think it's fair and reasonable to require it to apologise or pay compensation for any upset or embarrassment this might have caused.

I've considered all of the circumstances here – including that letting property is a business, and part of managing that business is arranging and repaying finance. Having done so, I don't think it's fair and reasonable to require UCB to waive any amounts due, pay compensation in addition to the compensation it offered, or take further steps regarding this complaint.

My final decision

My decision is that UCB Home Loans Corporation Ltd should pay £100 to Mr L as it offered to do (unless of course this has been paid).

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 9 May 2024.

Ruth Stevenson
Ombudsman