

## **The complaint**

Mr A complains that Topaz Finance trading as Melanite Mortgages:

1. Incorrectly set up his mortgage on an interest only rather than repayment basis.
2. Did not offer him adequate support during the 2008 financial crisis.
3. Did not offer him adequate support during the Covid 19 pandemic. He was unable to get in contact with it at that time.
4. Caused delays to the redemption of his mortgage. As a result of the delays he had to pay additional interest.
5. Applied exit fees of over £2,000 when the mortgage was repaid.
6. Did not properly check his strategy for repaying the mortgage at the end of term.

## **What happened**

In 2007, Mr A took out a mortgage with Beacon Homeloans. It is now owned by Melanite – and I will refer to Melanite as the lender throughout.

Mr A's complaint is set out as above. I issued a decision that said we could not consider complaints 1 and 2 as they were referred outside our time limits. The investigator did not think the remaining complaints should be upheld. Mr A did not accept what the investigator said.

## **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.

Melanite has provided evidence that since the investigator issued their view, Mr A responded to accepts its offer of £443.59 in full and final settlement of the complaint. I'm satisfied that the details of the settlement and that it was in full and final settlement of the complaint were set out in a clear, fair and not misleading way. I don't consider it would be fair or reasonable for me to interfere in that – so I don't see how I could fairly require Melanite to do any more.

For completeness, I agree with the outcome reached by the investigator.

### **3. Support during Covid 19**

Melanite accepted that Mr A had difficulties contacting it at times during the pandemic. It said that was partly due to a known system issue. It offered £25 for any distress and inconvenience that caused – and Mr A has accepted that.

I consider that Melanite offered Mr A appropriate support during the pandemic. It gave Mr A four payment holidays. It has also engaged with Mr A while the mortgage was in arrears and

offered forbearance such as payment arrangements. I consider that was fair in the circumstances.

#### 4. Redemption delays

Melanite accepted there were delays in producing a redemption statement. It offered £418.59 for the interest applied during that time. Mr A accepted that offer in settlement of the complaint, so I can't ask Melanite to do anything further.

#### 5. Exit fees

Melanite has explained that when Mr A repaid the mortgage he was charged:

- A redemption administration fee of £125
- Insurance charges of £170.55
- Solicitor's fees of £1,370

The redemption administration fee was set out in the mortgage offer – and the amount has not changed. It was fair for Melanite to apply that fee to reflect the costs of the mortgage being redeemed.

Usually a lender's terms and conditions will allow it to pass on costs such as the insurance charges and solicitor's fees to borrowers. The evidence I have does not support that Melanite applied those fees unreasonably. And again, Mr A has accepted an offer from it in settlement of his complaint – so I couldn't fairly require it to do anything else.

#### 6. Repayment strategy

Melanite said it included warning on the annual statements about the needs for a repayment vehicle. It has also provided evidence that it wrote to Mr A in August 2022 with a letter explaining that he had an interest only mortgage and the importance of having a plan in place to repay it. The letter set out that Mr A could request for the mortgage to be switched to repayment (Mr A had done this in 2017), make overpayments, or put in place a savings or investment plan.

I consider that Melanite did enough to check Mr A had a strategy to repay his mortgage. The warnings it issued were in line with guidance from the Financial Conduct Authority to communicate with borrowers who had an interest only mortgage, taking into account the mortgage term was not due to end until 2032.

### **My final decision**

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 4 June 2024.

Ken Rose  
**Ombudsman**