

The complaint

Mr B and Mr K complain about how Landmark Mortgages Limited responded to Mr B's request to change their mortgage to interest-only.

What happened

Whilst this complaint is brought by both Mr B and Mr K, as the mortgage is in both their names, our dealings have mainly been with Mr B. So I'll mainly refer to him in this decision.

Mr B told us he'd made a formal complaint to Landmark in mid-June, because it hadn't responded when he'd asked for help with his mortgage. He said he'd completed an affordability assessment around 11 May, asking Landmark to look at interest-only options, but it never responded to him.

Mr B said he'd then found out Landmark had contacted the joint account holder, Mr K, and said it couldn't help, because Mr K didn't meet the hardship criteria. Mr B said he was very angry that nobody from Landmark had contacted him directly to discuss his assessment, as he's responsible for paying half of the mortgage, and he's in financial difficulties.

When Mr B complained to our service, in late August, he said he'd still had no response from Landmark. He was struggling to pay his share of the mortgage, and that was causing a great deal of stress. As a resolution, Mr B wanted Landmark to change his mortgage to interest-only, without running any sort of credit checks.

When this case came to our service, Landmark said it had replied to Mr B's complaint, and it showed us the letter it had sent him. That said Landmark was sorry it hadn't made more effort to get in touch, but it would need to speak to Mr B and Mr K before it could go ahead.

Landmark told us that after this, it did manage to speak to Mr K, and he hadn't responded to its previous efforts to contact him as he didn't want to go ahead with the interest-only option.

Our investigator didn't think this complaint should be upheld. She said Landmark was trying to determine whether it could offer a change to interest-only, based on Mr B and Mr K's circumstances, as they're both responsible for the mortgage. She understood it would be frustrating for Mr B not to get an immediate answer, but she thought Mr B may need to call Landmark, so he could discuss a possible change to the mortgage. If that wasn't possible, she said Landmark should write to Mr B, and he could reply, but that would take longer.

Our investigator said she thought Landmark's offer of £50 for Mr B's trouble and upset was fair and reasonable. She wouldn't ask Landmark to pay more.

Mr B didn't accept that. He said everything Landmark said it had done has gone through Mr K, but Mr K has not made a complaint. Mr K did say Landmark had spoken to him on 27 October but he denied saying he didn't want to revert to interest-only. Rather, Mr K said he would have to speak to Mr B. Mr B remained very upset that Landmark wasn't speaking to him, and had never contacted him directly.

Our investigator said that Landmark had sent its complaint response to Mr B, and she forwarded this to him. Mr B said he'd never seen this before.

Landmark also noted that it had provided ways for Mr B to contact it, in this letter. And it asked him there to confirm his address. It said it had tried to contact him in July and again in August, but with it said that each time it rang, Mr B wouldn't answer.

This case was then passed to me, and I reached my provisional decision on this case.

My provisional decision

I issued a provisional decision on this complaint and explained why I only proposed to uphold it in part. This is what I said then:

Mr B and Mr K bought a property together several years ago, with a mortgage from Landmark. Mr B says each of them pays half of the mortgage and bills for the property. I understand neither one of them currently lives there, and the future plans for the property are unclear. Whilst Mr B and Mr K are friends and are in contact, they are not a couple, and Mr B says Landmark has assumed a closer relationship between them than actually exists.

When this complaint came to our service, Mr B stressed that this was his complaint, about how Landmark has treated him. He said he wasn't clear why our service would need the permission of the other account holder, to consider this case. I understand we said to him then we would need that because we were considering personal information about Mr K too, as part of looking at the complaint. I think a fuller reply might have assisted here.

Mr B has told us that he and Mr K divide the costs of the property equally, and he says he's having difficulty meeting his share of the costs. So he wants us to look at what Landmark has done about that. But this is a joint mortgage, and the liabilities under the mortgage don't divide in this way. Mr B is liable for the whole of the mortgage. And so is Mr K. That means if either one is in financial difficulties, then Landmark could ask the other to pay the whole of any monthly payment, or indeed any arrears that may accrue.

If this mortgage becomes interest-only for a short period, as Mr B would apparently like, that affects both parties. And any higher payment in future, when a temporary interest-only period ceases, would also affect both parties.

I hope that makes it clearer why Landmark needed to talk to both Mr B and Mr K, to see if it could change this mortgage to interest-only. I don't think Landmark made a mistake, when it spoke to Mr K about this.

I think it's worth setting out a brief timeline of what's happened here. Mr B has enquired about changing this mortgage to interest-only a number of times since it was taken out. Most recently, he asked Landmark about an interest-only mortgage in May 2023. He sent an income and expenditure assessment to Landmark on 12 May. He complained that there had been no progress on his request on 26 May, and Landmark attempted to call Mr B on the same day. It says it should have made more attempts to contact him, and I think that's right.

However, it's not clear to me that Landmark could in fact have made an assessment of whether this mortgage could be changed to interest-only at that time. As I've explained, it needs to understand the position of both parties, before it can do that. And Mr K hadn't yet returned an income and expenditure assessment.

Mr K was also asked to complete an income and expenditure assessment, and he returned this on 6 June 2023. Mr B appears to be under the impression that his had been completed by Mr K quite some time earlier, but Landmark says that wasn't the case, and that's consistent with the contemporaneous notes I can see on file.

On 15 June Mr B complained again. He said he'd been told that Mr K had spoken to Landmark, and it didn't think it would be able to move them to an interest-only mortgage. Mr B said whether the mortgage should be interest-only was a decision for him and Mr K, not for Landmark, and he said any other lender would just have made this change if the borrowers asked for it. So Mr B thought Landmark was taking advantage.

There are some new rules in place, which allow lenders to facilitate a change to interest only for borrowers for a temporary period of six months, without carrying out a detailed assessment of affordability. I think that might be what Mr B is referring to here, when he says Landmark should just make the change, so I'll deal with those briefly.

Although these rules only came into force on 30 June 2023, which was after Mr B made his request, that's not so important here. What is important, is that these rules implement the Mortgage Charter. And that doesn't apply to all lenders, because not all lenders have signed up to the Mortgage Charter. Landmark hasn't signed up.

Landmark wrote to Mr B in response to his complaint, on 19 July. I understand Mr B told us he hadn't received any response to his complaint when he asked us to look into things, so it appears this letter wasn't safely received by Mr B. I do think it was sent, and to the same address Mr B gave our service, so if it wasn't received then I don't think that was Landmark's fault. I would normally expect our service to pass on such a letter, but unfortunately I can't see that happened here until after our investigator had reached her view.

This letter said that Landmark had tried to contact Mr B on 26 May, after it received his letter of complaint. It felt it should have made more efforts to contact him, and I think that's right.

Landmark also said it then received an income and expenditure assessment from Mr K, and it felt it should also have acknowledged this. Landmark said it would like to pay Mr B £50 to say sorry for that, and it said it would try to contact him and Mr K again.

Landmark also said the correspondence address it held for Mr B was the address of the property, but most recently he'd given it a different address. Landmark said it was sending this complaint response letter to the more recent address, and it asked Mr B to contact it if he wanted to update his address for all the correspondence it issued.

Landmark told us it did try to ring Mr B again, not long after this letter was sent, and then again not long before he complained to us. But again, Mr B didn't answer. I think it's reasonable for Landmark to say it would like to speak to Mr B, if it is to resolve his concerns. Even if Landmark were to waive any assessment of affordability in this case, I wouldn't expect it to make the changes Mr B has requested without explaining their impact to him.

Mr B told us that if Landmark was trying to contact him, it wasn't leaving any message. But Landmark says that Mr B doesn't have voicemail, and I note that our service has also found that if Mr B doesn't answer, the call then rings out.

Landmark has told us that since then, it has spoken again to Mr K, on 27 October. This

appears to have been in response to prompting by our service. But Landmark said Mr K was clear on that call that he didn't want to change the mortgage to interest-only, because it only made a very small difference to the monthly repayments.

Landmark said it recommended Mr K and Mr B took some independent financial advice on the way forward for the property, especially as it appears it remained empty. Landmark said it confirmed with Mr K that it would take no further steps on making changes to the mortgage at that time. Mr K would speak with Mr B, and they would then get back in touch.

Landmark says it has an online call request service, so if Mr B or Mr K want to speak to it without waiting, they can request a call, and Landmark will do its best to ring them at the specified time.

I do think it's reasonable for Landmark to say it needs to speak to both parties on the mortgage before it can make changes. And although I think Landmark has responded too slowly to Mr B and Mr K's enquiry about changing their mortgage to interest-only, I have to bear in mind that when it did speak to Mr K, he apparently didn't want to go ahead with that. It would be difficult for Landmark to make these changes, which Mr B has told us he wants, if Mr K has been clear he does not.

I should also note that, although Mr B says Landmark should just change this mortgage if he asks it to, any such change would only be temporary, as I've set out above. And it would have longer term consequences for the mortgage. So I also think it may assist Mr B and Mr K to talk to Landmark about the longer term, and in particular what the long term plans for the property might be.

I don't think the conclusions Landmark has reached here are unfair or unreasonable. But I do think it should have reached those conclusions sooner. So I will ask Landmark to pay a little more in compensation than it has previously offered. I think Landmark should pay £200 for the lapses in service in this case. Mr B and Mr K may wish to agree how to split this money. But if they do not agree, then I think it's fair and reasonable for Mr B and Mr K to receive £100 each.

I know that Mr B in particular will be very disappointed by my decision, but I don't think Landmark has to do more than that.

I invited the parties to make any final points, if they wanted, before issuing my 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.

Landmark replied to my provisional decision, to say it agreed with my suggested increase in compensation. It also said that it would encourage Mr B and Mr K to contact it again if they do still need help. Landmark said it may still be able to agree to an interest only conversion if they both wanted this. And Landmark said Mr B and Mr K had mentioned they were thinking of selling, so it would appreciate an update on their plans.

Mr K didn't reply, but Mr B did. He said he still thought Landmark had mismanaged the relationship between them. And he said he and Mr K were still in the same position, struggling to pay the mortgage with outrageous interest rates and still without any assistance from Landmark. Mr B said they'd decided to put the property on the market, as they were concerned about the effect on their credit ratings if they should become unable to pay.

Mr B said he didn't think there was anything he could say which would change the decision. He said compensation would be welcome, given all the stress that he'd been caused, and he would like to be compensated individually.

I understand that Mr B remains unhappy with what he considers to be a lack of support from Landmark. I hope that the sale of the property proceeds well, and that it will finally resolve this for him. For present purposes, I note that neither side has offered any new evidence or argument in this case, and I can confirm I haven't changed my mind. So I'll now make the decision I originally proposed.

My final decision

My final decision is that Landmark Mortgages Limited must pay Mr B and Mr K £200 in compensation, as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B and Mr K to accept or reject my decision before 11 June 2024.

Esther Absalom-Gough
Ombudsman