DRN-4926639

The complaint

Mrs W's complaint is about her mortgage with Lloyds Bank PLC. She doesn't feel that Lloyds provided her with support after the fixed interest rate product attached to the mortgage ended in the spring of 2022. This meant that the mortgage went into a significant amount of arrears. However, in November 2023 Lloyds offered Mrs W a new fixed interest rate product and waived the early repayment charge in the event of the property being sold; she is unhappy this arrangement was not offered to her when she initially spoke to Lloyds in 2022.

What happened

Mrs W took out the mortgage with Lloyds with her now ex-husband. She has told us that she has paid the mortgage alone for around ten years, but she was unable to have her ex-husband removed from the mortgage due to Lloyds' affordability criteria. Lloyds added a marital dispute marker to the account in November 2021.

Mrs W contacted Lloyds toward the end of April 2022 as her fixed interest rate product was due to end. It was noted she wanted a lower rate. Mrs W also said that she might want to sell the property in the next couple of years or re-mortgage the property in her and her current partner's names. Lloyds explained Mrs W's options and the processes for how to achieve each. Mrs W was told that if she wanted to add a new product to the existing mortgage her ex-husband would need to agree to it happening – this was due to the marital dispute marker on the account. Lloyds also highlighted if Mrs W wanted to sell the property in the near future, attaching a new interest rate product to the mortgage probably wouldn't be a good idea as it would involve an early repayment charge (ERC) being applied if the mortgage was paid off during the product term. Payment holidays were discussed as well as forbearance options. Mrs W was left to think about what she wanted to do.

Mrs W called Lloyds again in July 2022 as she said she was unable to afford the monthly payment due to the rises in interest rate. She confirmed at that point she was looking to sell the property and had to do so by 2024 due to a court order, but her ex-husband had not yet agreed to sign the estate agent paperwork allowing the property to be marketed. Mrs W was again told that in the circumstances both accountholders needed to agree to a new product being added to the mortgage. Mrs W said she didn't want to ask her ex-husband for consent in the circumstances. Lloyds then offered Mrs W the option of looking at her circumstances with the potential for nil or reduced payment arrangements, but Mrs W didn't want to complete the affordability assessment at that time. She was given information about how to do that on Lloyds' website, so that she could have further discussions about the options available to her. Mrs W explained that she felt the options she had been given meant that Lloyds would make money out of her situation and she was clearly unhappy about that possibility. She said that she wanted Lloyds to simply extend the previous fixed rate by six months. Lloyds told her that it couldn't do what she wanted. Mrs W complained about not being able to have a new interest rate product and Lloyds not helping her.

Lloyds responded to the complaint in a letter of 26 July 2022. It confirmed that any changes to a joint mortgage, including adding a new interest rate product, required both parties' consent. Lloyds offered Mrs W the option of speaking to a team that dealt with financial difficulties to see what it could do to assist her. Mrs W didn't pursue this option at that time.

The direct debit paying the mortgage was cancelled in August 2022 and the mortgage went into arrears. No further payments were made until September 2023.

In October 2022 Mrs W discussed the arrears on the account and it was established that she was able to make some payment toward the mortgage. However, no payment was made and Lloyds sent Mrs W letters periodically thereafter in order to prompt her to contact it. She didn't do so again until March 2023. Mrs W then confirmed she was still trying to sell the property and raised concerns again about having not been given a new interest rate product in April 2022. Lloyds referred Mrs W back to the complaint response it had given in July 2022. The call disconnected before the end of the discussions. Lloyds attempted to call Mrs W back, but she didn't answer.

Redemption statements were requested by Mrs W's solicitors for 30 March 2023 and 28 July 2023. However, the sale did not complete.

In August 2023 Mrs W raised with Lloyds the possibility of selling part of the land that formed the mortgaged property. She was sent information about Lloyds' process in the event she wanted to pursue this option. A new complaint was raised at that time as she said she felt that Lloyds had refused to provide her with any help with the increasing interest rates. Lloyds offered to look into what forbearance it could offer Mrs W, but she declined to go through the process as she said she knew what she could afford to pay.

In September 2023 Lloyds informed Mrs W that unless the arrears were addressed, it would start legal action. Mrs W called Lloyds and discussed the situation. She told it there was an offer on the property and alternatively, she could sell part of the grounds and use the sale proceeds to clear the arrears and reduce the mortgage balance. Mrs W started making payments to the mortgage again – for the amount she had been paying under the fixed interest rate product that had ended in 2022. Mrs W again raised concerns about not being able to reduce the interest rate on the mortgage. It was agreed that Lloyds would call Mrs W the following day to go through her income and expenditure to see if it could help her. Mrs W didn't answer the call.

Lloyds sent a complaint response on 18 September 2023. It said that it could not accept responsibility for the arrears that had accrued as this was due to the mortgage being on a variable interest rate that had been affected by the changes in Bank of England base rate. Lloyds said it had been open and honest about the rate being applied to the mortgage and the support it could offer. It considered it had offered what support it could in the circumstances and with the limited contact Mrs W had made.

Mrs W didn't contact Lloyds again until the middle of November 2023. She told Lloyds that her solicitors had written to it around three weeks earlier with the requirements for selling part of the land her home was on, but no response had been received. Lloyds confirmed that it had not received the letter from Mrs W solicitors. Mrs W again raised concerns about how much her monthly payments had increased by.

Lloyds transferred Mrs W to its team that dealt with new interest rate products. By this time Lloyds' forbearance options had changed and it was able to waive the early repayment charge (ERC) for customers in arrears. A new interest rate product was attached to the mortgage and Lloyds confirmed that if the property was sold an ERC would not be payable. It added the new product without the joint borrower's agreement, as Mrs W told it that she was not in contact with him and so it applied its "single signature process". Mrs W complained that Lloyds hadn't done this in the spring of 2022 when she had first contacted it about the impending interest rate rise.

Lloyds responded to Mrs W's further complaint in a letter of 29 November 2023 and declined the complaint. It highlighted that in 2022 it had not yet changed its forbearance options to include being able to waive the ERC on an interest rate product for customers in arrears. So it could not have done what it did in November 2023 and even if it had, Mrs W would not have been eligible for the process anyway because she had not been in arrears at that point. Lloyds referred Mrs W back to its previous complaint response regarding it not having offered her sufficient support. Lloyds also highlighted that it had put the account on hold in November 2023 so that Mrs W had time to sell some of the land attached to the property in order to repay the arrears.

Mrs W wasn't satisfied with Lloyds' response and referred her complaint to this Service on 13 December 2023. She explained that when she initially contacted Lloyds about her situation all she wanted was for it to leave her paying interest at the same rate after the product ended, until she was able to sell her home. She also explained that the situation had caused her a horrendous amount of stress and sleepless nights.

When we informed Lloyds that Mrs W had asked us to consider her complaint, it objected to us considering the matters addressed in the July 2022 complaint. It accepted that concerns about the support it had provided from that point onward would fall within our jurisdiction, but not that before July 2022 because Mrs W had not referred the complaint in time.

One of our Investigators considered our jurisdiction to consider the complaint. He concluded that we could not consider the complaint issues addressed in the July 2022 final response letter as Mrs W had not referred her complaint to us within six months of the final response letter. The Investigator explained that we could, however, consider the matters covered in the two later final response letters, including the service and forbearance offered by Lloyds after 26 July 2022.

Neither party responded to the Investigator's conclusions about our jurisdiction, so he went on to consider the merits of the parts of the complaint he'd explained were within our jurisdiction. He didn't recommend that the complaint be upheld. He concluded that Lloyds had done what it could when it could, given Mrs W's circumstances, and the limited amount of contact Mrs W had made with it from late July 2022.

Mrs W didn't accept the Investigator's conclusions. She told him that she had not received his view about our jurisdiction and questioned why we could not consider her entire complaint. She objected to us not doing so as the events before July 2022 were integral to her complaint. However, in relation to the events thereafter, she said that until November 2023 Lloyds hadn't appeared to be prepared to help her with a lower interest rate. She asked how it was legal for any company to raise mortgage payments in the way Lloyds did. Mrs W also said that her calls had been cut off on numerous occasions, no messages were left and she didn't receive calls from any numbers that she recognised, so she didn't know it had called her back and that missed calls were not scams. Mrs W said she wanted to pursue the complaint and it was decided that the complaint should be referred to an Ombudsman for review.

Mrs W was provided with a copy of the Investigator's correspondence in which he set out his conclusions about our jurisdiction. She reiterated the events from April 2022 and disagreed with us saying it was too late for anything to be done about the matters covered in the first complaint as she had been feeling 'absolute despair at the time'.

I issued a decision on 24 October 2024 setting out my conclusions regarding our jurisdiction to consider the different aspects of Mrs W's complaint. I decided that we could not consider the complaint she made in July 2022 and so we would only consider the merits of what

Mrs W described as a lack of help provided after 26 July 2022 and Lloyds not offering her what it did in November 2023 when she contacted it in April/July 2022.

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.

Mrs W has said that Lloyds didn't do anything to help her until November 2023 and is unhappy that it took as long as it did for that to happen. She is also unhappy that the interest rate rises from the Spring of 2022 placed her in the position that meant she needed help.

When Mrs W added the interest rate product to her mortgage that ended in April 2022, she was made aware that the interest rate would change to Lloyds' standard variable rate (SVR) when the fixed period ended. That is what happened. It is unfortunate that this happened at a time when interest rates were increasing throughout the industry, which included Lloyds' SVR. Lloyds did nothing wrong in applying the terms and conditions of the mortgage when the fixed rate ended in 2022.

That said, when a consumer is in financial difficulty or about to be, a lender is required to try to assist them, but that doesn't mean that it will always be able to do so. In addition, the requirement on a lender to try to assist a consumer doesn't mean that it has to give them whatever they want. The lender has to assess the consumer's situation and try to put something in place that will help them, and not simply delay an outcome that is inevitable if a mortgage is unaffordable, or to place them in a worse position in the long run.

Forbearance measures, as they are called, can take many forms that can range from things such as transferring a mortgage from capital and interest repayment to interest-only, term extensions, reduced- or zero-payment arrangements or deferring interest for a period of time. I would also comment that over time forbearance measures will change to reflect the needs and circumstances a lender is seeing and to reflect the requirements of the Regulator and good industry practice. Mrs W is unhappy that she was not offered a new interest rate product with the ERC waiver earlier than she was. As Lloyds has told Mrs W, this form of forbearance was not offered until April 2023, and so she could not have been offered it before that.

I am satisfied that Lloyds offered to look into what it could do to assist Mrs W on numerous occasions after July 2022. On most occasions, Mrs W didn't move forward with the assessment that would enable Lloyds to determine if it would be able to provide her with some assistance. When she did, she was cut off and didn't answer when Lloyds called her back, so Lloyds was unable to complete the process. I am not persuaded that Lloyds could or should have done more than it did, given the very limited contact Mrs W made with it and the fact that she was either not willing or able to complete the assessment needed most of the times she did contact it. In relation to Mrs W saying that she was not willing to accept a call from a number she didn't know, I can understand why she might not generally want to do so. However, but when a call has been cut off in the middle of a discussion and an incoming call is almost immediately received, whether from a known number or not, it would not seem unreasonable to expect such a call to be answered in the likelihood of the bank calling back to finish the conversation. The same would apply when a call from the bank is expected, as was the case on at least one occasion where Lloyds arranged to call Mrs W on an agreed date.

Overall, while I have sympathy with Mrs W's situation, I don't think Lloyds treated her unfairly or that it should have done more to assist her after 26 July 2022.

My final decision

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

Under the rules of the Financial Ombudsman Service, I am required to ask Mrs W to accept or reject my decision before 27 November 2024.

Derry Baxter
Ombudsman