

## **The complaint**

Ms S has complained about irresponsible lending from her mortgage lender, Yorkshire Building Society trading as Chelsea Building Society and referred to here as YBS. Ms S is also unhappy that her mortgage remains on an interest-only rather than a capital repayment basis.

The mortgage was originally taken out with another building society which was later taken over by YBS. For clarity, I will refer to YBS throughout.

On 25 July 2024 I issued a decision explaining that I will only be considering events that occurred after 24 February 2016. I may refer to events that occurred prior to that, but only to give context to the issues I am able to consider.

## **What happened**

I do not need to set out the full background to the complaint. This is because the history of the matter is set out in the correspondence between the parties and our service, so there is no need for me to repeat the details here.

In addition, our decisions are published, so it's important I don't include any information that might lead to Ms S being identified. So for these reasons, I will instead concentrate on giving a brief summary of the complaint, followed by the reasons for my decision. If I don't mention something, it won't be because I've ignored it; rather, it'll be because I didn't think it was material to the outcome of the complaint.

Ms S has a mortgage with YBS taken out in 2003. The mortgage was initially on a capital repayment basis. On 11 October 2010 Ms S asked YBS to switch the mortgage from capital repayment to interest-only, which was agreed. At the time, the balance was about £37,000.

In March 2016 Ms S applied for a further advance of £8,500, which didn't progress to an offer being issued. In July 2017 Ms S applied for a further advance of £3,500, which YBS declined on the basis that it wasn't affordable.

On 24 February 2022 Ms S complained to YBS about mis-sale of the mortgage and further advances. She was also unhappy about a product transfer she'd taken out in May 2021. YBS said it thought the complaint about mis-sale had been brought too late. It didn't uphold the complaint about the product switch in 2021.

Ms S brought her complaint to our service. After explaining that we could only consider issues that had arisen after 24 February 2016, the Investigator looked at what had happened since then.

She noted the two further advance applications in March 2016 and July 2017, neither of which had gone ahead. Given this, she wasn't persuaded YBS had acted irresponsibly in relation to those applications.

The Investigator also noted that, although Ms S had enquired about switching to capital repayment in 2018, 2020 and 2021, no application was made or completed. When Ms S took out a new fixed rate product in February 2021, this was on an interest-only basis at a fixed rate of 1.88% until 31 July 2026.

Overall, the Investigator wasn't persuaded YBS had acted irresponsibly.

Ms S asked for an Ombudsman to review the Investigator's findings.

### **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.

I'm required to review our jurisdiction at each stage of a complaint. I confirm that I have not departed from the conclusions I reached in my decision dated 25 July 2024 – which is that I can only consider the events that occurred after 24 February 2016.

**Further advances:** There were two requests for further advances made by Ms S after 24 February 2016.

On 11 March 2016 Ms S told YBS she needed to find £8,500 to cover fees for art school. She asked for an appointment in branch to discuss the further borrowing and a call-back was arranged. There is, however, no further mention of this. No application was made, considered or progressed at that time.

On 12 July 2017 Ms S asked for an advance of £3,500 for fertility treatment. YBS explained this wasn't affordable. Ms S confirmed she was only receiving benefit income but was looking to receive other income in the future. YBS said it may be able to look at the application again in the future.

There have been no other requests for further advances.

Neither the March 2016 nor the July 2017 enquiries progressed to a full application. I'm satisfied, therefore, that there has been no irresponsible lending by YBS since 24 February 2016.

**Interest-only mortgage and product switch:** I can see that on 8 December 2020 Ms S had a conversation with YBS in which she stated that she either wanted to sell the property or move to a capital repayment mortgage once her arrears were paid off.

On 12 February 2021 Ms S spoke to YBS again, and said she wanted a product transfer, and to switch the mortgage onto a repayment basis. An appointment was made with a mortgage adviser for 17 February 2021, which Ms S missed. Ms S spoke to YBS the following day. Ms S said she wanted to switch to a capital repayment mortgage. A new appointment with a mortgage adviser was made for 2 March 2021.

However, this didn't take place, because on 25 February 2021 a product transfer was completed over the telephone, and the offer was posted to Ms S. This was for a fixed rate of 1.88%, expiring on 31 July 2026, on an interest-only basis.

YBS's records show that this is what Ms S had requested, after a discussion about her switching to repayment and the implications of this if the mortgage became unaffordable. Ms S decided it would be better to stay on interest-only and make overpayments to reduce the

balance. The product Ms S took out allows her to make overpayments of up to 50% of the outstanding balance without incurring an early repayment charge.

Overall, I'm not persuaded that YBS prevented Ms S from switching her mortgage to capital repayment. The overpayment terms on the product switch are generous, and allow Ms S to make substantial overpayments as and when she is able to afford to do so.

## **Conclusion**

After careful consideration, I'm unable to find YBS has either lent irresponsibly to Ms S or refused and/or failed to switch her mortgage to a capital repayment basis.

## **My final decision**

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

This final decision concludes the Financial Ombudsman Service's review of this complaint. This means that we are unable to consider the complaint any further, nor enter into any discussion about it.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms S to accept or reject my decision before 3 September 2024.

Jan O'Leary  
**Ombudsman**