

## The complaint

Mr M complains about the way Leeds Building Society (LBS) has treated him during a dispute with his ex-partner and that it hasn't put in place a fixed interest rate product on his and his ex-partner's mortgage as it should have done.

## What happened

Mr M and his ex-partner have a joint mortgage with LBS. Mr M says that his relationship with his partner ended in 2019, and his ex-partner agreed to transfer her interest in the property to him.

In October 2022 Mr M says he and his ex-partner chose and applied for a new interest rate product on the mortgage. LBS issued an offer for a fixed interest rate of 4.14% from November 2022 until December 2027. Mr M says he and his ex-partner signed and returned their acceptance – but his ex-partner then tried to blackmail him by saying she hadn't agreed to the new product.

Mr M says LBS told him it would remove his ex-partner from the mortgage. It didn't then do that, and in November 2022 Mr M complained about how LBS had dealt with the situation. He complained that it had accepted what his ex-partner told it, it hadn't implemented the new interest rate product, it had paid his ex-partner compensation, and it had written to his ex-partner saying that he had committed fraud and his ex-partner had used that against him in court proceedings.

On 6 December 2022 LBS sent Mr M its final response to his complaint by email. It said it had done nothing wrong other than to have accepted that Mr M's ex-partner's signature had been forged on the mortgage product acceptance before completing a full investigation. It apologised for that and said Mr M could refer his complaint to the Financial Ombudsman Service, but he needed to do so within six months.

In May 2023 Mr M complained to LBS again and also said he hadn't received its December 2022 final response. LBS sent that final response to him again on 18 May 2023. Mr M asked to escalate his previous complaint and added some complaint points about the way LBS had treated him since, including that his mortgage was on a much higher interest rate than the fixed rate he should have had, making the mortgage unaffordable.

On 12 June 2023 LBS sent Mr M another final response. It gave its response to his new complaint and referred back to its December 2022 final response in respect of his previous complaint points.

On 29 October 2023 Mr M referred his complaint to the Financial Ombudsman Service. Our Investigator said he had contacted us too late for us to look into the complaint LBS had responded to in its final response of 6 December 2022. But she said we could investigate his complaint about what happened after that.

Mr M didn't accept that, so his complaint was referred to me to determine which parts of it we can consider. I issued a decision concluding that Mr M had referred the complaint LBS

responded to in its final response letter of 6 December 2022 too late because he had referred it to us after the six-month time limit had expired. I said that means the Financial Ombudsman Service can't consider that part of his complaint.

I concluded that we can however look into the other parts of Mr M's complaint which LBS responded to in its 12 June 2023 final response letter.

Our Investigator then looked into those parts of the complaint. She thought LBS should have discussed with Mr M what options might have been available to help him with the mortgage payments. She recommended that LBS contact Mr M to discuss his circumstances and pay him £200 compensation.

LBS accepted that conclusion. It also said that Mr M hadn't made any payments to the mortgage since October 2023, so there may only be limited options it can offer in terms of forbearance.

Mr M did not accept the Investigator's conclusions. He still wanted LBS to honour the fixed interest rate which he says both he and his ex-partner agreed to, and he remained unhappy that LBS had accepted his ex-partner's false allegations. He also said he hadn't received the information he's entitled to under a subject access request (SAR) he made to LBS, and LBS should have capitalised the mortgage arrears because doing so would mean his credit rating wouldn't have been damaged. He didn't consider £200 compensation was fair, particularly when weighed against the £500 LBS had paid his ex-partner or against the interest LBS is adding to the mortgage.

### **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.

Having done so, while I realise this isn't the outcome Mr M was hoping for, I've come to broadly the same conclusions as our Investigator, for much the same reasons.

First of all, it's clear that Mr M is still very unhappy about LBS's refusal to implement the fixed interest rate product which he says he and his ex-partner both agreed to in October 2022. He's also unhappy with what he sees as LBS's decision to side with his ex-partner and then to pay her more compensation than our Investigator has recommended it offer to him.

As I said in my previous decision, in which I confirmed which parts of this complaint the Financial Ombudsman Service can and can't consider, I can't determine this part of Mr M's complaint. I don't have the power to do so, because it is time-barred. I haven't changed my mind about that.

I can however decide the other parts of Mr M's complaint which LBS responded to in its June 2023 final response letter – in summary:

- the service Mr M received from LBS in a phone call on 17 May 2023;
- information Mr M asked LBS about but which it hadn't sent to him;
- the complaint that LBS had failed to assist the police with their investigation;
- liability for the mortgage arrears and the complaint about LBS's lack of support with the mortgage payments.

I've listened to a recording of Mr M's phone call with LBS on 17 May 2023. LBS called Mr M to discuss his plans to repay the mortgage arrears. Mr M said he wasn't responsible for the arrears, because LBS should have put in place the fixed interest rate he and his ex-partner

had agreed to. He said he was prepared to make the mortgage payments at a level that reflected that fixed rate, but he isn't liable for interest at the higher SVR; his ex-partner must take responsibility for that since she's the one who told LBS she didn't want the fixed rate.

LBS told Mr M it couldn't get involved in the dispute between him and his ex-partner, both of them were liable for the mortgage, and it wanted to establish Mr M's plans for paying it. LBS then agreed to raise a complaint for Mr M when he asked it to do so.

I don't consider that LBS provided poor service during this call or that it failed to communicate clearly or appropriately with Mr M.

Mr M complained in May 2023 that he had asked for LBS's records of a request he had made some time ago for consent to let the mortgaged property, but he hadn't received anything. LBS apologised for not checking whether Mr M wanted to make a SAR given that he had referred to call recordings and its own internal records.

I've looked carefully at LBS's records in connection with this. They show that LBS wrote to Mr M on 12 June 2023, the same day it sent him its final response letter, saying it needed proof of identity and more details of what information he wanted – and if it didn't receive these, it would take no further action. I find that LBS did respond to Mr M and that its response wasn't unreasonable. If Mr M still wants information that he's yet to receive, I think it's for him to contact LBS to confirm what he wants and the process for obtaining it.

Neither Mr M nor LBS has provided anything to show that the police have asked LBS for information or help with their enquiries which it has failed to provide, so I can't conclude that LBS has done anything wrong in this respect.

I think that LBS could have done more to explore whether there was any support it could offer to Mr M. He had found himself in a very difficult situation following the breakdown in his relationship with his ex-partner and significant arrears have now accrued on the mortgage. However, I'm also mindful that Mr M wasn't prepared to discuss repaying the arrears when LBS tried to discuss this with him in May 2023. He didn't say during the 17 May 2023 call that he couldn't afford the mortgage payments; rather, he didn't consider himself liable to pay interest at the SVR because he thought the mortgage should have been on the fixed interest rate he accepted in October 2022.

I've already explained why I can't determine Mr M's complaint about the fixed interest rate not being implemented, although it's clear that this is at the heart of his complaint. I can however bear it in mind at part of the context and circumstances in this complaint. Having done so I think it's difficult to accept that the mortgage would be in a very different position had LBS tried to do more to engage with Mr M about the mortgage payments, because he has been clear that he isn't prepared to pay interest at the SVR.

While I recognise that Mr M is in a difficult position, I don't consider that I can fairly require LBS to pay him more than the £200 it has offered or to take steps to resolve this complaint other than to try to re-engage with him about the mortgage payments. Mr M has said that LBS should have capitalised the arrears. But capitalisation doesn't work in the way he has suggested – it's not a means to allow no mortgage payments to be made indefinitely or while a dispute is resolved. A lender would usually need to understand the borrower's financial situation and their plan to get the mortgage back on track first. Capitalisation would also result in the monthly mortgage payments increasing in the long term, and more interest would be payable overall.

In all the circumstances, I consider that £200 is a fair award of compensation. Mr M has suffered considerable stress and anxiety in recent years, and I think LBS should have done

more to try to support him. This amount isn't intended to reflect the cost of the interest on Mr M's and his ex-partner's mortgage or any compensation that LBS may have paid to Mr M's ex-partner – it is compensation for Mr M's non-financial loss because of the additional distress and upset LBS caused him at an already very difficult time.

Finally, I encourage Mr M to discuss resuming payments to the mortgage with LBS if he hasn't already done so, and I remind LBS to treat him fairly and consider what options may be available bearing in mind the level of arrears and Mr M's circumstances.

### **My final decision**

My final decision is that Leeds Building Society should pay Mr M £200 and contact Mr M to discuss his situation and what options might be available to him in terms of the mortgage. I make no other order or award.

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

Janet Millington  
**Ombudsman**