

## **The complaint**

Mrs B complains that Landmark Mortgages Limited treated her unfairly. She says it agreed payment concessions with the joint party to the mortgage without her consent. It didn't agree a permanent switch to interest only payments. And it pressured her to sell her property for less than it's worth.

## **What happened**

Mrs B took out a joint mortgage with her now ex-husband (who I'll refer to as Mr G). Mrs B remained in the property after they separated.

In mid-2022 a court issued an order related to Mrs B and Mr G's divorce. This said the property should be marketed for sale immediately, the net sales proceeds would be divided between Mrs B and Mr G, and Mr G would pay the mortgage interest in the meantime. Landmark agreed to accept interest only payments for a period to allow time for the property to be sold.

Mrs B contacted Landmark in early October 2023 as the interest only concession was due to expire at the end of October 2023. She asked that Landmark switch the mortgage to interest only payments until the term expired in about 17 months. Mrs B contacted Landmark several times in late 2023 and early 2024. In late January 2024 Landmark agreed to backdate a switch to interest only payments to November 2023. After this, it agreed a concession for one month.

In April 2024 a court ordered that the asking price was reduced, and Mrs B reduced the asking price further. Landmark agreed to accept interest only payments from May 2024 until September 2024. Mrs B says this isn't enough time to sell the property.

I sent a provisional decision to the parties to explain why I thought Landmark hadn't treated Miss B fairly. In summary, I said Landmark was aware of the court order regarding the property and that it was unlikely either party could or would make capital repayments. I said it was also aware that Mrs B found having to contact Landmark upsetting and it should have put interest only concessions in place for longer periods to reduce the need for this.

Mrs B said having an interest only concession in place until the end of the mortgage term would be a support to her. She wanted to point out that she provides all of the information requested by Landmark regarding her financial circumstances. Mrs B agreed to compensation of £250, saying she needed the money and couldn't continue with the stress.

Landmark didn't agree. It said it hadn't required Mrs B to renew the interest only concession on a monthly basis. It said it didn't have to offer an interest only concession and this can only be considered for a temporary period. It didn't agree that £250 compensation was warranted.

Landmark said it had failed to update Mrs B's credit file after backdating the interest only concession to November 2023. It said it had arranged for her credit file to be updated to remove an arrears marker recorded in January 2024.

## **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.

First, I'd like to assure Mrs B that I've reviewed all of the evidence she provided, as well as the evidence provided by Landmark.

Mrs B has told us about her personal circumstances. While Landmark isn't responsible for this, I'd expect it to take Mrs B's situation into account in its discussions with her and ensure it treats her fairly. I should be clear though that doesn't necessarily mean it has to agree to Mrs B's requests.

When considering whether Landmark treated Mrs B fairly, I've taken note of the following.

A court issued an order in July 2022 that the property should be marketed for sale at a price recommended by an estate agent or by a court if Mrs B and Mr G couldn't agree. The court order said Mr G would pay the interest for the mortgage with Landmark and a second charge mortgage until the property was sold. The net proceeds of sale would be divided 80:20 between Mrs B and Mr G, with Mrs B receiving the larger share.

Mrs B says Landmark agreed payment concessions with Mr G without her consent. She says the resulting arrears will reduce her share of the equity. If this was prior to the court hearing in July 2022 then that would be a matter for the court to take into account when considering the financial settlement.

From August 2022 Landmark agreed interest only payment concessions. Mrs B requested this. It appears that payments in excess of the mortgage interest have been made since then. I don't think it's fair and reasonable to require Landmark to pay compensation or take further steps regarding Mrs B's complaint that it agreed concessions with the other account holder without her consent.

When Landmark agreed to accept interest only payments in August 2022 this was to allow time for the property to be sold. It extended this several times. In effect, the mortgage has been on interest only terms since August 2022. The property remained unsold in late 2023. When Mrs B asked for a further concession in October 2023, Landmark asked for information about the sale, including whether the property was being marketed at an appropriate price.

In early 2024 Landmark agreed an interest only concession which it backdated to November 2023. It offered an interest only concession for one-month (April 2024) and then offered a longer concession, after the asking price for the property was reduced. I think it was reasonable for Landmark to ask for information about the marketing of the property. But I think it was unfair for it to delay putting a further interest only concession in place until this was provided, and to offer a concession for only one-month after this. I've explained why below, under *Why I think Landmark treated Mrs B unfairly when she asked for an interest only concession*.

A further court order was issued in early April 2024. This required a reduction in the asking price for the property. Mrs B said this was based on misleading information provided by Mr G. That's not something I can fairly hold Landmark responsible for.

Mrs B says there was no interest in the property at the price set by the court. She reduced the price further in April 2024 because she's worried about what will happen if the property doesn't sell before the interest only concession ends. Following the court order and the price

reduction, Landmark agreed an interest only concession to the end of September 2024.

Mrs B is worried about what will happen if the property isn't sold before the interest only concession ends. Mrs B says payments on a capital repayment basis aren't affordable or sustainable for her. She says six months isn't enough time for a sale to complete. But, in fairness, Landmark has agreed interest only concessions for more than two years. I think this is a reasonable amount of time in which to sell a property.

At the time of writing this decision it seems a sale of the property is progressing. However, if the sale doesn't complete before the end of September 2024, Mrs B will need to contact Landmark again. I'd expect Landmark to treat Mrs B fairly, listen to what she has to say and consider her individual circumstances. For instance, if Mrs B can demonstrate that the sale is progressing, Landmark should consider if it's right and fair to grant a short concession to allow it to complete.

Mrs B said her credit file has been unfairly affected. Landmark has to report accurate and up to date information to the credit reference agencies. Mrs B is jointly and severally liable for the mortgage and any payment problems with the mortgage would be reported on her credit file.

In February 2024 Landmark backdated the effect of an interest only concession, which resulted in mortgage arrears being cleared. However, it didn't update Mrs B's credit file to remove an arrears marker recorded for January 2024. It says this should have been done when it agreed to backdate the interest only concession to November 2023. Landmark says it will now update Mrs B's credit file.

At times Landmark sent automated letters to Mrs B that didn't reflect recent discussions – for instance, an arrears letter sent in early February 2024. I can understand Mrs B was upset. But I think this was due to timing – the letters were sent before Mrs B's request or an agreement reached with Landmark was processed.

Landmark did make an error in a letter sent in April 2024. It suggested it had agreed a payment arrangement with Mrs B or Mr G for arrears of £6,000 to be cleared. Mrs B contacted Landmark which immediately accepted this was an error.

Landmark sends letters to the security property, addressed to Mrs B and Mr G – the joint account holder. Mrs B finds these letters upsetting and says she's not responsible for any arrears or making payments. I think it's fair that Landmark makes Mrs B aware of what's happening with the account. However, Landmark is aware that Mr G doesn't live at the property and that Mrs B finds receiving letters addressed to him upsetting. I said in my provisional decision that Landmark should address these letters to Mrs B only.

Landmark says it can't address letters only to Mrs B as all named parties are automatically added by its systems. Mrs B has made Landmark aware that she's vulnerable and of the circumstances regarding her relationship with Mr G. Landmark knows that Mr G lives elsewhere. It's unfortunate that Landmark hasn't made efforts to find a way to ensure letters sent to the security property are addressed only to Mrs B. I think it should now look into how it can do this – for instance if it can stop letters being generated automatically and send these manually.

I can understand why Mrs B says she felt under pressure from Landmark to reduce the price at which the property is marketed for sale. When Mrs B asked for a further interest only concession in October 2023 Landmark asked about the sale, including whether the property was being marketed at an appropriate price. It only agreed to a five-month (rather than one-month) concession in April 2024 after Mrs B reduced the price.

However, Landmark didn't tell Mrs B what the asking price for the property should be. It didn't take possession of the property or start legal action for possession. It was a court that ordered the sale of the property in July 2022. A court set out how the asking price should be determined and a court ordered the price reduction in April 2024. Mrs B lowered the price further as there had been no interest in the property at the previous asking price. And, as I said, Landmark has agreed interest only concessions for two years, which is a reasonable amount of time to sell a property.

Mrs B lives in the property with her children. She's worried that after payment of the costs related to the sale and the two loans secured on the property there will be little money left for her, especially if the price is reduced. She'd like Landmark to extend the mortgage term. While I understand Mrs B's concerns, I can't fairly require Landmark to extend the mortgage term. It couldn't do this without the consent of the other account holder. I need to bear in mind that a court has ordered the sale of the property. Mrs B (and, separately, Mr G) will need to discuss the next steps with Landmark if a property sale hasn't completed by the end of the term.

#### *Why I think Landmark treated Mrs B unfairly when she asked for an interest only concession*

Landmark agreed to accept interest only payments while the property was sold. I think that was fair. I appreciate that Landmark wanted to maintain contact with the account holders and offer appropriate support. Landmark has to consider both account holders – whose interests might be different – and treat them fairly.

It's reasonable for a lender to ask for information to check that arrangements are affordable and, if possible, to avoid the mortgage falling further into arrears than necessary. But I think, given the particular circumstances here, Landmark ought fairly to have considered what level of contact from Mrs B was really required. I understand why Landmark asked for information about the sale of the property in late 2023 and I think this was reasonable. But I don't think it was fair to require Mrs B to provide this before agreeing a further interest only concession.

Landmark knew Mrs B's financial circumstances meant she couldn't make contractual monthly payments and this was unlikely to change. A court order required the joint account holder to pay the mortgage interest only. The court order also set out the split of the equity between Mrs B and Mr G – in effect this meant there was no incentive for either of them to make capital repayments even if they were able to do so.

There's a short period remaining before the mortgage term is due to expire on 1 April 2025. A return to capital and interest payments would require a significant increase in the amount due each month. Given what Landmark knew about the situation, it ought to have known it was unlikely that either party would be able or willing to resume capital repayments. And a court had ordered the sale of the property.

In my provisional decision, I said Landmark could have made the situation easier for Mrs B if it hadn't delayed putting a concession place in late 2023 and didn't require renewal on a monthly basis in 2024. I said it should pay £250 compensation for the unnecessary upset caused. In response to my provisional decision, Landmark said compensation wasn't warranted as it hadn't required concessions to be renewed on a monthly basis. It referred to the dates it agreed concessions to support this.

I don't agree with Landmark's response. But I could have expressed myself better by saying that while Landmark put interest only concessions in place, the way it went about this caused unnecessary upset, uncertainty and worry for Mrs B.

In October 2023 Mrs B asked for a switch to interest only for the remaining 17 months of the

mortgage term. Landmark's notes say that Mrs B was too upset to discuss the situation. Mrs B was in contact with Landmark in late 2023 but had to wait until late January 2024 for its response to her request. During this period – 1 November 2023 to late January 2024 – there was no concession in place, resulting in mortgage arrears which were recorded on Mrs B's credit file. In late January 2024, Landmark agreed to an interest only concession for five months, backdated to November 2023.

This concession expired at the end of March 2024. Mrs B had about six weeks from Landmark agreeing the previous concession before she needed to contact Landmark again to ask for a further concession. During this time Mrs B received a letter about the arrears which she found upsetting – and which could have been avoided if Landmark hadn't delayed putting a concession in place.

Mrs B called Landmark in mid-March 2024 to ask for a concession for six months. Landmark wrote to Mrs B on 8 April 2024 confirming a one-month concession for April 2024. It wrote to Mrs B on 12 April 2024 saying the concession had ended and the account would revert back to a capital repayment basis from 1 May 2024.

Mrs B says her worry about what would happen when this one-month concession ended was part of the reason she reduced the asking price for the property. It was after the price reduction that Landmark agreed to an interest only concession for five months from 1 May 2024.

I can't see that there was anything achieved by Landmark's delay in putting an interest only concession in place in late 2023/early 2024 or putting a one-month concession in place in April 2024. As I said, Landmark was aware that the circumstances here meant it was unlikely either party to the mortgage was able and willing to make payments on a capital repayment basis. And this meant Mrs B had to call Landmark several times in late 2023 and early 2024, and again in March 2024 and April 2024. Mrs B had told Landmark about her difficult personal circumstances and that she found calls stressful. Landmark's notes say that Mrs B would become upset during calls. I think Landmark could have made this situation easier for Mrs B if it had put concessions in place without delays and for longer periods.

I'd also note that Landmark failed to remove arrears recorded on Mrs B's credit file in January 2024 until after my provisional decision. And it sent letters addressed to Mr G to Mrs B's home, despite knowing he doesn't live there and (given what it knew about the situation) that Mrs B would find this upsetting.

Taking all of this into account, I think compensation of £250 is fair and reasonable. This is in addition to any compensation previously paid by Landmark.

Other than a short extension to allow a sale to complete, Landmark should put any further interest only concessions in place for a minimum of five months (or to the end of the mortgage term if sooner).

### **My final decision**

My decision is that I uphold this complaint. I order Landmark Mortgages Limited to:

- pay £250 to Mrs B, and
- make reasonable efforts to put a system in place so that letters sent to the security property are addressed to Mrs B only, and
- other than a short extension to allow a sale to complete, put any further interest only

concessions in place for a minimum of five months (or to the end of the mortgage term if sooner), and

- confirm that information reported to credit reference agencies is accurate and fair.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs B to accept or reject my decision before 15 October 2024.

Ruth Stevenson  
**Ombudsman**