

## The complaint

Mr L complains about how Bank of Scotland trading as Birmingham Midshires (BM) dealt with him when his mortgage term expired.

## What happened

Mr L had an interest only mortgage with BM which expired in 2019. He intended to sell the property at the end of the mortgage term to repay it. In 2020, Mr L complained about incorrect and misleading information he was given about whether the mortgage term had been extended or not.

BM responded to this complaint in September 2020. BM agreed that letters Mr L had received might've been misleading but that it had kept Mr L up to date with the correct term extension when he spoke with its end of term team, and it confirmed it hadn't formally extended his mortgage. BM offered Mr L £75 compensation and explained that he could refer his complaint to us if he remained unhappy, within six months of the date of that letter.

Mr L complained to BM again in 2023. Mr M has said that BM declined to extend the term beyond 2020 which meant he was forced to sell the property at a significantly reduced price. He said that BM wrote to him after he'd exchanged contracts on the sale agreeing to a term extension at which point it was too late to withdraw from the sale. Mr L has asked BM to pay him the difference between what he thinks he would've been able to sell the property for had he been provided with an extension in a timely manner and the amount he did sell for.

BM responded to this complaint on 29 November 2023. It explained that the letter Mr L thought was offering a term extension was automatically issued by its system so that payments could continue to be taken for the mortgage. But that Mr L had been told by the end of term team that his mortgage hadn't been formally extended. It didn't offer any compensation this time.

Mr L referred his complaint to us on 23 May 2024 and one of our Investigators looked into it. She said that the complaint about the letters he thought offered him a term extension in 2020 had been referred to us outside of the time limits set out in our rules. So, we weren't able to consider this complaint point. Our Investigator said we could consider Mr L's more recent complaint about BM not offering a term extension. But she didn't think that it should be upheld.

Mr L didn't accept this. He said he'd had a very stressful time being forced to sell the property at a significant loss. Mr L said he'd no recollection of making a complaint in 2020. And he said he didn't receive the businesses final response letter in September 2020 as he'd had to move from his home. Mr L also said he'd not received a final response to his complaint in 2023. He asked for the complaint to be considered by an Ombudsman. So, it was passed to me to review. I issued a decision setting out which complaint points had, and had not, been referred to us in time. In that decision, I said:

*"I'm unable to consider a complaint about Bank of Scotland trading as Birmingham Midshires misleading Mr L into believing his mortgage had been extended as it's been referred to us*

*too late under our rules.*

*I can consider a complaint about whether Bank of Scotland trading as Birmingham Midshires unfairly declined Mr L's request for a mortgage term extension."*

I explained that I'd look to issue a decision on the part of the complaint that had been referred to us in time, in a separate final decision. Mr L has requested a number of extensions to provide us with further information which we've agreed. A final deadline of 17 February 2025 was agreed with Mr L to provide any more information. We've not heard from Mr L since, so I've decided to proceed with 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.

Mr L took his mortgage in 2004 over a six-year term. In 2010, he extended the term by nine years. Mr L had always said he planned to repay the mortgage by selling this property. Therefore, it was reasonable for BM to expect Mr L to sell the property around the time the mortgage expired. And it was entitled to expect its money back following expiry of the mortgage in 2019.

I understand Mr L now wishes he'd waited until the property market was in a better position for him as a seller. But this is the risk that is taken when using property sale as a repayment vehicle. And there's no obligation for BM to wait indefinitely until the property market is in a position Mr L was happy with. BM was entitled to expect the mortgage to be repaid upon expiry.

Having reviewed the contact notes provided by BM, I can't see that Mr L requested a term extension before the mortgage expired. After the term expired, and the mortgage had technically ended, BM gave Mr L a further two years to repay it. This was an automatic process by BM. I can see from the contact notes that Mr L was actively trying to sell the property at this time and can't see Mr L ever requested a formal term extension at this time.

It seems to me that Mr L is now aware that property prices have since increased in that area. However, this is using the benefit of hindsight. There was never a guarantee that waiting longer would've meant Mr L achieving more for the property. In fact, there was also a risk the property could've achieved less had prices fallen. And, given that Mr L told BM he was actively selling the property, and never requested a formal term extension, I see no reason BM should've offered to extend the time he had to sell further.

It's unfortunate that Mr L achieved less than he now thinks he could've when selling the property. But, for the reasons set out above, I can't hold BM responsible for this.

### **My final decision**

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 19 March 2025.

Rob Deadman  
**Ombudsman**