

## **The complaint**

Mr and Mrs M's complaint is about their mortgage with Lloyds Bank PLC. The complaint is that Lloyds' solicitors (a firm I will call AC) incorrectly told Mr and Mrs M that a payment plan for their expired interest-only mortgage could be agreed, but withdrew this offer the following day.

Mr and Mrs M would like Lloyds to honour the offer and to pay compensation to them for distress and inconvenience.

## **What happened**

I won't 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 all the details here. In addition, our decisions are published, so it's important I don't include any information that might lead to Mr and Mrs M 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.

Mr and Mrs M have an interest-only mortgage with Lloyds, the term of which has expired. Full payment is due to Lloyds, and the bank has been granted a possession order.

On 17 April 2024 AC discussed a payment arrangement with Mr and Mrs M and said an Income and Expenditure form would be sent to them. The following day Mr and Mrs M were told this wasn't possible because the mortgage term had expired.

Mr and Mrs M complained, but Lloyds didn't uphold the complaint. Mr and Mrs M contacted our service where an Investigator looked at what had happened. He thought Lloyds should pay Mr and Mrs M £100 for getting their hopes up that a payment plan could be arranged, when this was never an available option.

Lloyds agreed to this, but Mr and Mrs M did not. They say that AC's actions were cruel and mentally disturbing, immoral and unethical. They say that Lloyds has not had the decency to honour its mistake and come up with a realistic compromise. Mr and Mrs M think that a fair resolution would be that Lloyds should give them another year to repay the mortgage, and not charge any interest on the debt for that period.

## **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.

The starting point here is that the mortgage term has expired, and the full outstanding debt is due and owing to Lloyds. The court has granted a possession order to Lloyds, because the debt hasn't been repaid.

Lloyds has acknowledged that AC made a mistake when it offered to set up a payment plan. This would only be possible if the mortgage term hadn't already come to an end. But where a mortgage has expired, it isn't possible for any plans to be put in place other than repayment of the account in full.

Where a mistake has been made, we try to put the consumers in the position they'd have been in if the mistake hadn't been made. In this case, this means that Mr and Mrs M would not have been told there was the possibility of a payment plan, and so wouldn't have had their hopes raised that this was an option. It doesn't mean that Lloyds is required to offer them something that would never have been available to them.

So what Mr and Mrs M have suffered is not losing out on being able to put a payment plan in place – because they could never have had one. Instead they've suffered a loss of expectation and disappointment over a short period of time when they thought a payment plan could be put in place. Therefore the compensation Lloyds has agreed to pay is in relation to the disappointment and upset caused to Mr and Mrs M.

### **Putting things right**

I think £100 compensation for disappointment and inconvenience is fair, reasonable and proportionate to AC's error in telling Mr and Mrs M a payment plan could be arranged. Because a payment plan was never an option, it wouldn't be fair or reasonable for me to order Lloyds to offer this to Mr and Mrs M.

### **Other matters**

The mortgage term has now expired and the full mortgage debt is due and owing to Lloyds. The court has decided that Lloyds is entitled to take possession of Mr and Mrs M's property if they do not pay the outstanding balance.

I note Mr and Mrs M have recently asked us to provide them with information from Lloyds about holds on the account, possibly with a view to raising a new complaint. However, I must explain that the extent to which the Financial Ombudsman Service is able to continue to be involved in this matter appears to be at an end.

I say this because a court has decided Lloyds is entitled to take possession of the property. That is a judicial process, and the Financial Ombudsman Service has no power to interfere in a decision made by a court.

Therefore, in the absence of a proposal by Mr and Mrs M to pay the mortgage balance in the immediate future (supported by evidence, such as confirmation from solicitors of an impending sale of the property), Lloyds will be entitled to pursue its legal remedies through the courts. This means that any further requests for postponement of legal action must be made to the court which issued the possession order.

The Financial Ombudsman Service simply does not have the power to adjourn or postpone legal action. We do not act for consumers (or businesses) and so asking us to intervene on behalf of a consumer to adjourn legal action that a court has already decided the business can pursue is inappropriate, and compromises our independence and impartiality. I am explaining this because I do not want Mr and Mrs M to be under any misunderstanding that they can keep raising complaints with us in the expectation that we will ask Lloyds to put legal action on hold. Things have moved past that point, because the court has decided Lloyds is entitled to possession of the property.

Our rules allow us to dismiss a complaint (that is, decide not to consider it any further) where a court has already reached a decision on the matter. Raising new complaints about peripheral matters such as when Lloyds placed holds on the account do not affect the underlying issue – which is that the mortgage debt is due and payable to the bank. I must therefore make it very clear to Mr and Mrs M that if they want to raise another complaint with us about this mortgage, this will not prevent Lloyds from pursuing its legal remedies, should the bank wish to do so – and if Mr and Mrs M want to postpone any legal action, they will need to make an application to the court, not ask our service to intervene in matters in which we have no standing or power.

I know this has been a stressful time for Mr and Mrs M, and I've taken note of the health issues they've had, as well as personal matters they've told us about. Mr M has explained that he is trying to carry out essential works on other properties he owns so he can sell these and repay the mortgage to Lloyds. Mr M or his property managers or solicitors must keep Lloyds informed of the timetable for these properties to be sold in order that Lloyds can decide what action to pursue in relation to the outstanding mortgage debt.

But I cannot underestimate the seriousness of the situation Mr and Mrs M are in, and they should not expect Lloyds to continue to grant forbearance when the mortgage debt remains unpaid. If Mr and Mrs M want some advice on their situation, they can contact one of the free debt advisory services such as Citizens Advice, StepChange or Shelter. We can provide contact details for those agencies on request.

### **My final decision**

My final decision is that Lloyds Bank PLC must pay Mr and Mrs M £100 compensation for distress and inconvenience. I make no other order or award.

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 Mr and Mrs M to accept or reject my decision before 30 October 2024.

Jan O'Leary  
**Ombudsman**