

The complaint

Miss H complains about the way Elderbridge Limited has managed her mortgage and communicated with her.

What happened

Miss H had an interest-only mortgage with Elderbridge. It was on a variable interest rate which tracked the London Interbank Offered Rate (LIBOR) plus a margin, then the Sterling Over Night Indexed Average (SONIA) plus a margin.

Miss H had been making overpayments to her mortgage for a number of years in order to reduce the outstanding balance. She made a complaint that Elderbridge had failed to implement an arrangement for regular overpayments to be taken and her mortgage balance hadn't reduced as much as she expected. This has been dealt with separately and isn't the subject of the complaint at hand here.

In October 2023 Miss H repaid the mortgage in full. Elderbridge had yet to give Miss H its response to the current complaint at that time. She had complained several months earlier about Elderbridge's communication with her and the service she had received. In particular, she said Elderbridge had failed to write to her as it should have done confirming receipt of overpayments and to adjust her monthly payments to take account of her overpayments.

Elderbridge sent Miss H its final response in October 2023. It accepted that it hadn't written to her to confirm receipt of all her overpayments and adjusted her monthly mortgage payments as it should have done. But it said the balance Miss H had repaid was correct. It apologised for the shortcomings in the service it had provided and paid Miss H £300 compensation.

Miss H wasn't happy with that and referred her complaint to the Financial Ombudsman Service. Our Investigator concluded that Miss H had experienced substantial upset and inconvenience, and recommended that Elderbridge pay her a further £200 compensation, on top of the £300 it had already paid.

Neither Elderbridge nor Miss H accepted that conclusion. Elderbridge didn't think it should pay more compensation, and Miss H didn't think £500 was enough to reflect the detriment Elderbridge's actions had caused her.

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, I've come to the same overall conclusion as the Investigator about how this complaint should fairly be resolved.

There's no dispute that Elderbridge made mistakes in its administration of Miss H's mortgage and in its communication with her. However, I'm not satisfied that Miss H has lost out financially as a result of those mistakes.

Miss H's monthly mortgage payments weren't recalculated after every overpayment, but that doesn't mean that she was overcharged. Interest on the mortgage was based on the mortgage balance and I find nothing to indicate that any overpayments weren't applied to that balance – so Miss H will have had the benefit of those overpayments in terms of the interest she was charged, even if that wasn't immediately reflected in subsequent monthly payments. The interest rate on Miss H's mortgage increased on a regular basis in recent years, and those increases meant more interest was charged in some months even though Miss H had been reducing her mortgage balance.

I note that Miss H has made a previous complaint that Elderbridge failed to put in place an arrangement she made to overpay monthly, but that has been the subject of a previous complaint so I can't consider it here.

In terms of the matters at issue here, I think that Elderbridge made mistakes which had a considerable impact on Miss H over a period of many months. Miss H was expecting to receive written confirmation of her overpayments and her recalculated monthly payments. They weren't always sent, even after Miss H called to ask for them. She also had to wait many months for Elderbridge to send her its response to her complaint.

Miss H is vulnerable and Elderbridge's records show that it knew that. Miss H made a number of calls to Elderbridge to explain her concerns about how her mortgage was being managed, and her frustration and distress were clear. She also had to call back at times, for example after her calls were transferred between departments but there was no-one available to speak to her.

I consider that Miss H was caused considerable distress, inconvenience and upset over a period of months which could have been avoided. I've noted what Miss H has said about the impact this matter has had on her health and wellbeing, and I was sorry to read about her very difficult situation. But I don't think I can fairly conclude that Elderbridge is responsible for all the difficulties she has faced. In all the circumstances, I find that a total of £500 compensation represents a fair and reasonable award to settle this complaint.

My final decision

My final decision is that Elderbridge Limited should pay Miss H £200 compensation, on top of the £300 payment it has already made.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss H to accept or reject my decision before 25 November 2024.

Janet Millington
Ombudsman