

## **The complaint**

Mr W complains that Mortgages Plc (“MP”) won’t put the mortgage for his home back onto repayment, without information on his personal income and expenditure. He said he changed it some years ago to interest only, but that was only supposed to be temporary.

## **What happened**

Mr W said he’d been asking for some years to go back onto a repayment mortgage. He said MP was insisting it was a legal requirement for him to provide an income and expenditure form, before it could change the mortgage type, but Mr W said it wasn’t a legal requirement at all. He said he just wanted to change back to what he previously had.

MP said that it does want Mr W to complete an income and expenditure assessment, before it will consider moving him back onto a capital repayment mortgage. It said that Mr W has told it his family was helping him to pay the mortgage, but the obligation to make the monthly payments is Mr W’s alone, and it wanted to be sure that any increase in those monthly payments would be in his interests. MP said it wouldn’t go ahead with this, without more information on Mr W’s financial position.

Our investigator didn’t think this complaint should be upheld. She said it was fair for MP to want to understand Mr W’s financial position fully before it considered making changes to his mortgage.

Our investigator said that a responsible lender may require income and expenditure information to assess a consumer’s financial circumstances, even when that’s not a clear regulatory requirement. And she didn’t think MP had to discuss the available options with Mr W, or consider making an exception to affordability rules, until it had an understanding of what Mr W can afford.

Initially, our investigator thought there were also arrears on the account, but Mr W said there weren’t, and MP has confirmed this isn’t the case. Our investigator said this didn’t change the overall position.

Mr W said when he changed to interest only, it was on the understanding that once he was back on his feet he could switch back to a repayment mortgage. He said he’d been out of arrears for several years, and was making regular overpayments. And he felt income and expenditure forms over reach into personal lives, because they want to know everything he spent his money on. Mr W didn’t think this had anything to do with MP.

Mr W wanted an ombudsman to consider his complaint, so it was passed to me for a 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.

I've reached the same overall conclusion on this complaint as our investigator.

I can see that Mr W's mortgage receives a regular payment from the Department of Work and Pensions, and a further bank payment is then made each month. MP has told us this other payment is made by Mr W's family, and the notes it has shown us of the conversations it has had with Mr W, mean that I do think it's likely this is what Mr W himself told MP.

Because the mortgage is receiving these two payments each month, although Mr W is only obliged to make an interest payment to his mortgage each month, the balance of his debt is steadily reducing. I know there's been some confusion about this, so I'd like to acknowledge that, although there have been previous problems, Mr W's mortgage has been well managed for some time now.

I understand Mr W would now like his mortgage to go back to repayment. He says the original agreement was that he would change to interest only for a while, then when he got back on his feet he'd go back to repayment. But it does appear that Mr W's mortgage has been on an interest only basis for some years now.

I know Mr W's mortgage is no longer in arrears, and the monthly payments have been more than met for some time. But MP says that, although Mr W doesn't anticipate any change in the support he's receiving from family, it's Mr W himself who is responsible for the mortgage payments. So it wants to understand his financial position, and in particular, whether he could afford the increased monthly payment, before it reaches any decision on whether to move him back onto a repayment mortgage.

I think that is a reasonable response for MP to have made in these particular circumstances. Whilst Mr W's family may be committed to continuing to support him, I agree that the responsible approach for MP to take in this particular case, is to check Mr W's financial position, before it makes a change which would commit him to a higher monthly payment. That's because it is Mr W who is ultimately liable for the payments.

I know that Mr W will be disappointed, but I don't think MP has to take a different approach here, and I don't think it has to put him back onto a repayment mortgage without further details of Mr W's own finances. And that means this complaint won't be upheld.

### **My final decision**

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 4 December 2024.

Esther Absalom-Gough

**Ombudsman**