

## **The complaint**

Mrs F complains that she was given incorrect information by Topaz Finance Limited trading as Heliodor Mortgages about the monthly repayments for an unsecured loan. She asks for compensation.

## **What happened**

Mrs F had a mortgage with Heliodor. She also had an unsecured loan with Heliodor at the same interest rate as the mortgage.

Mrs F contacted Heliodor in mid-2023 as she intended to sell the property and repay the mortgage. She asked what the monthly repayments would be for the unsecured loan. The information Heliodor gave her was incorrect. It didn't tell her that the interest rate would increase when the mortgage was repaid and her monthly payments would increase.

Mrs F says she'd have made different decisions if she'd been given correct information. She says she would have repaid the unsecured loan instead of repaying other unsecured debts. She says she can't afford the monthly repayments.

Heliodor accepts it made an error and offered £75 compensation.

Our investigator said Mrs F had used the sales proceeds to repay debts that had a higher interest rate than the unsecured loan with Heliodor. She said Mrs F wasn't worse off for doing this, and would most likely have done the same thing if Heliodor had given her correct information. Our investigator said this was upsetting for Mrs F and Heliodor should pay another £100 compensation.

Heliodor agreed. Mrs F didn't agree and asked that an ombudsman re-consider the matter.

## **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.

Mrs F had a mortgage and unsecured loan with Heliodor. The loan was on the same interest rate as the mortgage. The terms and conditions of the unsecured loan say the interest rate will change (to 8% above the standard variable rate) if the mortgage is repaid.

Heliodor didn't make an error when it increased the interest rate on the unsecured loan when the loan was repaid. This meant the monthly repayments also increased (from about £135 to about £175).

Heliodor did make an error when it failed to give Mrs F correct information about her loan repayments.

Mrs F called Heliodor in mid-2023. She asked what her monthly repayments for the unsecured loan would be after she repaid the mortgage. Heliodor incorrectly gave her the monthly repayments at the then current interest rate. It should have told Mrs F what the

monthly payments would be after the interest rate increased.

Heliodor wrote to Mrs F with correct information about the interest rate and the monthly repayments in mid-September 2023. However, it wrote to the security property and Mrs F was no longer living there.

Mrs F had told Heliodor in mid-2023 that she wasn't receiving its letters. Heliodor knew Mrs F was selling the property. It missed this opportunity to update her address.

Mrs F sold her property and repaid the mortgage in mid-September 2023.

Mrs F says she repaid credit card and store card accounts with the net proceeds of the sale of the property. She says this meant she wasn't in a position to repay the unsecured loan.

We asked Mrs F for a completion statement for her sale. This showed the balance due to Mrs F (after repaying the mortgage, estate agents fees and other sales costs) was over £45,000.

Mrs F provided evidence she'd made debt repayments soon after the property was sold, which appear to add up to about £9,500. Mrs F didn't explain what happened to the remaining net proceeds – over £35,000 – or why these funds couldn't be used to repay the loan, if that was what she wanted to do.

I don't think I can fairly find that the errors made by Heliodor caused Mrs F financial loss. It's not clear to me that there weren't sufficient funds available from Mrs F's house sale to repay the unsecured loan as well as the other unsecured debts. Even if this was the case, the credit card and store card accounts she repaid had higher interest rates than the unsecured loan. She might well have chosen to repay these rather than the loan if she'd been given correct information about the loan repayments.

Mrs F says she wanted to use the proceeds from her property sale to improve her financial position. She says she called Heliodor to ask about the loan repayments so that she could plan her finances. She says it's difficult to pay the loan back when she's given incorrect information about what she owes and what her monthly payments will be. Mrs F says she's expected to pay an amount she hadn't budgeted for.

As I said, Heliodor was entitled to apply a higher interest rate to the loan after the mortgage was repaid. I don't think the error it made and the circumstances here make it fair and reasonable to require it to apply a lower interest rate or write off all or part of the loan. But I do think it's right that Heliodor agreed to pay compensation for the upset and inconvenience caused to Mrs F when she was told she'd have to make higher monthly payments that she'd expected.

Mrs F must have been disappointed and frustrated when she discovered her monthly loan repayments would be about £175 rather than about £135. And because Heliodor didn't ask her for an up-to-date address, she only discovered this when she saw the higher direct debit payments being taken from her bank account. Taking all of this into account, I think it's fair and reasonable to require Heliodor to pay compensation of £175.

If Mrs F is struggling to maintain her loan repayments I'd urge her to get in contact with Heliodor to see what support it can offer.

### **My final decision**

My decision is that Topaz Finance Limited trading as Heliodor Mortgages should pay £175 to

Mrs F. It can deduct from this any compensation it has already paid.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs F to accept or reject my decision before 11 December 2024.

Ruth Stevenson  
**Ombudsman**