

The complaint

Mrs B has complained about the way that Landmark Mortgages Limited have dealt with her mortgage. She has raised the following points:

- She is unhappy with the way that Landmark have applied lump sum payments to her mortgage account. She said they questioned where the funds were coming from, and she's incurred additional interest which she would like refunded.
- She is unhappy with the level of service she has received from Landmark. She said there are long waiting times when she calls them and she's also unhappy that they have sent her threatening letters. Mrs B would like Landmark to provide confirmation that her credit file hasn't been adversely affected.
- Mrs B is concerned that when she called Landmark in April 2022, the agent refused to discuss anything other than repaying the mortgage in full. But, when she spoke to someone else in December 2022, the agent at that time told her there were other options available to her.
- Mrs B feels that Landmark have charged her punitive interest rates since they took over her mortgage and she'd like them to refund some of the interest they have charged her.

What happened

Mrs B took out a mortgage with Northern Rock in February 2002. She borrowed £125,450 which was on part interest only, part repayment. The initial interest rate was 5.99% which was fixed until 1 September 2004. After this date, the lenders Standard Variable Rate (SVR) became applicable. A loyalty discount of at least 0.25% off the SVR would also apply after seven years, subject to the conditions within the mortgage offer being met.

In September 2004, Mrs B borrowed a further £29,000 on an interest only basis. The repayment part of the initial mortgage also changed to interest only at this time – so both mortgage accounts were interest only. A new fixed rate of 5.99% was applied to the entire mortgage which was due to end on 1 September 2007.

Following the collapse of Northern Rock, it was nationalised in 2008 – Mrs B's mortgage was transferred to NRAM and was later transferred to Landmark in 2016.

Mrs B contacted Landmark on 14 April 2022 and asked about potential options available to her as her mortgage was approaching the end of the agreed term.

On 22 September 2022, Mrs B called Landmark again to enquire about how she could make lump sum payments towards one part of her mortgage. The account that Mrs B wanted to make the lump sum payments to – was due to end before the other part. Mrs B also raised concerns about the interest rate on her mortgage.

Mrs B made a test payment of £1 the same day to make sure the payments would reach the account correctly, which it did.

Mrs B raised a complaint with Landmark on 30 September 2022 as she had some concerns about the service she was receiving from Landmark.

On 3 October 2022, Mrs B made four payments to the same account as she did the test payment on, by bank transfer, adding up to £12,000. She contacted Landmark on 4 and 5 October 2022 as these payments were not showing up on her account. Landmark agreed to add the concerns that Mrs B had about this – to the complaint she had raised.

Landmark issued a final response letter to Mrs B on 8 March 2023. In summary, they accepted that their service could have been better so they offered her £250 to recognise the trouble and upset she had been caused.

Mrs B didn't agree so she brought the complaint to the Financial Ombudsman Service where it was looked at by one of our investigators. The investigator concluded that Landmark hadn't acted fairly and asked them to increase the trouble and upset award by an extra £250 – so £500 in total.

He also said that he could see that Landmark backdated the payments that Mrs B made of £12,000 to the 3 October 2022. But he thought that Landmark should have reassured Mrs B at the time that the payments would arrive. He was persuaded that had Landmark done so, it's likely that Mrs B would have continued to repay the sub account in full – around the same time – 3 October 2022. So he said that Landmark should backdate the additional payments that Mrs B made to that sub account to 3 October 2022 and refund any interest to her.

Landmark accepted what the investigator said. They said they would pay £500 in total for the inconvenience that Mrs B had been caused and an additional £585.81 in overcharged interest.

Mrs B provided several reasons as to why she didn't agree. She raised several new complaint points that she was unhappy about. She commented about telephone calls she had made since 8 March 2023, concerns that her mortgage was on interest only, she was unhappy that her mortgage was transferred to Landmark and about how they are regulated – as well as several other issues she has.

The investigator explained that our service doesn't offer an open-ended complaint investigation service and that he had considered the complaint points that Mrs B had initially brought to our service. He explained that any new issues that Mrs B had, would need to be raised with Landmark for them to consider first. And if she was unhappy with their response, she could then bring those complaints to our service for us to consider them.

Mrs B responded in a great amount of detail. She said she would like the additional complaints she wants to make included within this complaint, as she feels they are a direct result of the problems caused when Landmark 'lost' the first £12,000 she paid towards her mortgage.

As Mrs B didn't agree with the investigator, she asked for the complaint to be reviewed by an Ombudsman, so it's been passed to me to decide.

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 B has sent in very detailed responses since the investigator sent his opinion to her on 2 August 2024. I've focussed on what I think are the key issues regarding this complaint which our rules allow me to do. If there is something I've not mentioned, it's not because I have ignored it as that's not the case at all. I have considered everything very carefully but I'm satisfied that I don't need to comment on each individual argument that Mrs B has raised in order to reach the right outcome on this complaint.

I'm also very sorry to hear about the health issues that Mrs B has. I appreciate this has been a difficult time for her.

I think the first thing to make clear here, is that Mrs B has raised several new complaint points that do not form part of this complaint. I appreciate that she feels that they are all linked to what happened when she made the initial lump sum payments totalling £12,000.02 – but I can't agree that they are. I accept that there were issues but Mrs B now has issues and concerns with other payments she has made to Landmark, the service they have provided her with and has concerns surrounding the interest only part of her mortgage as well as how Landmark are regulated – to name a few.

I will not be considering any of these complaints in this decision. My focus is solely on the complaints that Mrs B brought to our service in February 2023. If Mrs B wants to raise these further complaints to Landmark, then she should do so and if she is unhappy with their response, then she can bring those complaints to our service for us to consider them.

I will now go on to deal with Mrs B's complaints in turn.

Lump sum payments

Mrs B has raised concerns about how Landmark dealt with the lump sum payments totalling £12,000.02 that she made to her mortgage sub account on 3 October 2022. She said she called Landmark on 4 and 5 October 2022 as some of these payments were not showing on her account which understandably caused her concern. She has also explained that she was unhappy that Landmark asked her where the funds were coming from – before she made those payments.

I can see that Mrs B made four separate payments to Landmark on 3 October 2022 – totalling £12,000.02.

Landmark has said that they apply bank payments made by 6.25pm on the same working day. And where payments are received after that time, or on a non-working day, they will apply the payments on the next working day. Landmark did receive the four payments on 3 October 2022 but these were not applied to Mrs B's mortgage account until 6 October 2022. I can see that Landmark have backdated these payments to 3 October 2022 to ensure that Mrs B didn't incur any additional interest. This is what I would expect them to do.

It's evident that Mrs B took steps to ensure that the lump sum payments she wanted to send Landmark would reach them. She arranged for a test payment of £1 to be sent before she proceeded to make lump sum payments of around £12,000. Mrs B has explained that these funds are from savings that have taken her years to accumulate so I can appreciate how worrying it would have been for her when she thought these payments were lost.

When Mrs B called Landmark on 4 and 5 October 2022, she said she had to wait for a long time and had to be passed through to different departments who were unable to help her and didn't do anything to reassure her that the payments would arrive. She said she was distraught.

At this point, Mrs B said she contacted her bank who provided her with identifying numbers for the bank transfers. She said they also told her that Landmark should have offered her the option of making the payments by debit card as this would have offered her more protection if the payments were lost.

Mrs B called Landmark again and I can see she also sent them several online messages but Landmark still couldn't trace the payments that Mrs B had made. Mrs B was therefore forced to wait until the money appeared or was considered lost by Landmark. Mrs B has explained that this caused her a significant amount of distress, so she made the decision not to send anymore money to Landmark in order to pay off the sub account – until she knew what was going on with the money she had already sent. Mrs B had intended to pay a total of £30,000. I completely understand why she decided to wait.

I wouldn't have expected Landmark to apply the payments to Mrs B's mortgage account on a non-working day. I can see that the four payments totalling £12,000.02 were made over the

weekend. The first two payments were made around 8pm on the Friday and the final two payments were made on the Sunday. The first point that these payments should have been applied to Mrs B's mortgage should have been Monday 3 October 2022. These payments appear to have been received by Landmark but unfortunately, there had been a delay in them being applied to the mortgage. This caused Mrs B a great deal of worry as when she called Landmark, no-one could tell her where the funds were. And Mrs B wanted to send more money to the mortgage as this sub account's term had ended – but she chose not to do so until she knew what was happening with these payments. These payments didn't get applied until 6 October 2022.

I can see that Landmark have backdated these payments to 3 October 2022. This means that any additional interest that Mrs B may have incurred, was now removed as the payments were backdated as they should have been. So Mrs B hasn't been charged any further interest because of the delay in the payments being applied to the mortgage account.

I think this was fair of Landmark to do this, and what we would expect. However, they didn't tell Mrs B that they did this, or gave her any reassurance that the payments had been located correctly until they responded to her complaint in March 2023. I don't think it was reasonable for Mrs B to have to wait five months to be told that her payments had been applied to her account and backdated.

I think had Landmark of told Mrs B sooner what had happened, that its more likely that she would have proceeded to pay the remaining funds to her mortgage account in order to pay it off – which is what she always wanted to do. So to put this right, I agree with the investigator that the following payments that Mrs B made to clear this sub account should be backdated to 3 October 2022 and they should refund any overcharged interest to her. Which Landmark have now agreed to do.

In relation to Mrs B's concerns about Landmark asking her where the source of funds were coming from, I don't agree that this was unreasonable of Landmark to ask this. Landmark have told us that they must ask for this information in certain scenarios under anti-money laundering regulations and that sometimes, they may need to request evidence.

This isn't unusual and many if not most lenders do this. I appreciate that Mrs B was unhappy about this, but I don't think it was unreasonable of Landmark to ask for this information.

I will consider the impact of what happened surrounding the lump sum payments and will comment on that further below.

Customer service

Mrs B is unhappy with the service she has received from Landmark. She has mentioned long call wait times, long telephone calls and that she also received threatening letters from Landmark. She also isn't happy with some of the information she was given on some of these telephone calls. Mrs B also wants Landmark to confirm that based on what happened with her payments and that the sub account wasn't paid off in time, that her credit file hasn't been adversely affected.

Landmark have said that their call volumes had increased which had impacted the call waiting times. They said at the time, they were taking steps to resolve this. Landmark listened to a telephone call that Mrs B had with one of their agents on 5 October 2022. They said that they felt that some of the comments made by the agent were inappropriate and dismissive of Mrs B's concerns. Landmark also reviewed the letters that Mrs B had been sent and they accepted that these should not have been sent in the circumstances.

There isn't any dispute here that the service that Landmark provided to Mrs B could have been better. Mrs B had received letters suggesting that a field agent would be visiting her property and that legal action would be taken – because the sub account hadn't been paid off. This should never have happened when you consider the reasons why Mrs B couldn't do this in the first place. I've also listened to some of the telephone calls that Mrs B had with

Landmark and I do think that the information Mrs B had been given could have been clearer and more could have been done to reassure her.

I've considered this, as well as what happened with the lump sum payments to decide what Landmark should do to put this right and I'll comment on that further below.

Mrs B has said she's been worried that her credit file has been impacted because of what has happened. I've taken a look at what Landmark has provided us and what they have reported to the credit reference agencies. I can see that for the period I am considering, they didn't report any adverse information to the credit reference agencies. So I'm not persuaded that in relation to this complaint, Mrs B's credit file has been negatively impacted.

Two telephone calls and options provided

Mrs B has raised some concerns that when she contacted Landmark in April 2022, the agent refused to discuss anything other than her paying the mortgage off in full. And when she called Landmark again in December 2022, that agent told her there were other options that could have been discussed.

Landmark has said that their agent provided the correct information to Mrs B in April 2022 when she asked what would happen if she was unable to repay her mortgage by the contractual end date. They also said the agent explained they couldn't say what would happen as this would be based on Mrs B's individual circumstances. The agent said they would work with her when the term came to an end, to see what options would be available to her. Landmark said the agent could have provided some more general information about their process and more to reassure Mrs B, but overall they were happy that the agent provided the correct information.

I have listened to the telephone call that Mrs B had with Landmark on 14 April 2022. Mrs B makes it clear she wants to plan ahead and explained she had about five months before one of the sub accounts was due to be repaid. It appears she wanted to understand her options to give her some time to put things into place. Having listened to the call, I think the agent tried to answer Mrs B's questions and the information that was provided does appear to be in line with Landmark's process. It would have been up to Mrs B to put plans in place to repay the interest only mortgage and I don't think it was unreasonable that Landmark didn't have any set options to offer Mrs B. How she intended to repay the mortgage was ultimately her decision.

However, I do think that Landmark could have done more following on from this call. It's evident that Mrs B was trying to think about putting plans in place to repay the mortgage before the term had ended. It may have been helpful for Landmark to arrange for someone else to give her a call – possibly from their 'term end team' or another department that could have gone through various options with Mrs B. Mrs B didn't have to wait until the term had ended to see what options Landmark could have given her – I don't think this was reasonable. It's evident what Mrs B wanted to do and she wanted to discuss this with someone. Waiting until the term had ended would have been more stressful for Mrs B and not what we would expect to happen. I have also kept this in mind when considering how Landmark should put things right.

Interest rate charges since 22 September 2016

The investigator has already set out our jurisdiction surrounding the period that we can look at when it comes to the interest rate complaint that Mrs B has made.

Mrs B called Landmark on 22 September 2022 and raised some concerns about the interest rate she was on. The investigator said we would be able to look at what has happened since 22 September 2016 – which is the six years prior to when Mrs B had first complained about this.

Mrs B has said that the interest rates that Landmark have charged the mortgage since they took ownership in May 2016 have been punitive. She says the rest of the country were paying much lower interest rates.

Landmark said that the interest rates on Mrs B's mortgage has been applied and varied in line with the terms and conditions. They also said they don't offer new interest rate products and said that Mrs B may want to seek some independent financial advice to see what options are available to her.

Landmark said it had taken a commercial decision in the interests of their financial management of their business to maintain all their customers on the SVR once their previous rate products expire.

Landmark is a closed lender in that they are not taking on new business. They are still regulated by the Financial Conduct Authority and have to follow rules. But there is nothing in the rules that says a lender has to offer new interest rates to their customers when the old one expires. The rules say a lender has to treat its customers fairly taking account of their best interests; and they have to communicate with them in a fair and not misleading way; they have to notify them of changes to their monthly payments; and they mustn't take advantage of customers who can't move their mortgages elsewhere by treating them differently to other customers with similar characteristics.

In this case, Landmark has notified Mrs B of changes to her payments from time to time. They are not treating her differently to any of their other customers – all customers must stay on the SVR once their products expire, just like Mrs B. So I don't think that Landmark is in breach of any of the regulator's rules in not offering Mrs B a new rate.

I've considered whether Landmark's SVR has been varied fairly and having done so, I'm satisfied that it has been. The SVR has been varied in line with the terms and conditions of the mortgage and varied for the reasons that those terms allow. Having considered the circumstances of those changes, I think they were fair and reasonable.

I do understand that Mrs B isn't happy with the SVR and this would have increased more recently due to the economic climate but I can't see that the SVR has been varied unfairly. Landmark do not offer new interest rates to any of their customers and there was no requirement for them to do so. Mrs B may want to seek some independent financial advice to see what other options may be available to her.

Putting things right

Landmark previously offered Mrs B £250 for the distress and inconvenience caused to her. And following on from the investigator's involvement, they were happy to increase this to £500. Having considered everything that has happened, I think this is fair and reasonable in all the circumstances of this complaint. Mrs B has been caused quite a bit of stress because of everything that has happened in relation to the matters I have considered, and I think this amount fairly reflects the distress caused to Mrs B.

I also agree with the fact that Mrs B would have made the further lump sum payments to her mortgage account had she of had some reassurance from Landmark when the £12,000.02 wasn't applied to the mortgage account in time. So I agree with what the investigator said in that any further lump sum payments made to Mrs B's mortgage account should be backdated to 3 October 2022. Landmark have since agreed to do this.

My final decision

For the reasons given above, I uphold this complaint and direct Landmark Mortgages Limited to:

- Pay Mrs B an additional £250 to what has already been offered – so a total of £500
- Refund the overcharged interest to Mrs B's mortgage (if it's still active – which I don't think it is) to reduce the remaining overall mortgage balance; or,
- Refund the overcharged interest to Mrs B directly along with 8%* simple interest from the date the payments are applied (3 October 2022) to the date of settlement.

*If Landmark considers that they are required by HM Revenue and Customs (HMRC) to deduct tax from the interest refund, they should tell Mrs B how much they have taken off. They should also give her a tax deduction certificate if she asks for one.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs B to accept or reject my decision before 23 December 2024.

Maria Drury
Ombudsman