

## **The complaint**

Mr and Mrs V complain that Landmark Mortgages Limited hasn't been properly administering their mortgage, and that some payments they made recently haven't been credited to their account. They said they'd been paying, but their debt had gone up.

## **What happened**

Mr and Mrs V asked our service to look into a number of concerns they had with their residential mortgage. These concerns dated back some years. Our service has recently written to Mr and Mrs V, to clarify that we can only consider a complaint that the balance of Mr and Mrs V's mortgage has increased, for any increase which happened on or after 25 April 2018, and that payments haven't been properly assigned to Mr and Mrs V's mortgage arrears, for payments made on or after 25 April 2018. So this decision will be confined to those points.

Landmark didn't think it had done anything wrong. It said Mr and Mrs V's mortgage balance had increased over the years, as a result of a number of things. It has set out all the payments it has received, and where they've been used. And it has confirmed that it hasn't applied any fees or charges to the account since 2013.

Landmark said that whilst Mr and Mrs V's mortgage balance had increased during their previous financial difficulties, it had reduced again recently, and their arrears balance has also reduced significantly.

Mr and Mrs V still thought they'd paid more than Landmark had accounted for, and said they hadn't been able to get to the bottom of this. So they asked us to look into things for them.

Our investigator said he'd looked at their mortgage account, and he didn't think Landmark had made mistakes. He said he'd reviewed the transactions since 1 April 2018, and he couldn't see that the mortgage had been administered incorrectly. From April 2018 Mr and Mrs V's balance was reducing in line with the amount they were overpaying each month. That amount was reducing their arrears, and so the overall balance.

Our investigator said Mr and Mrs V's mortgage balance was reducing from April 2018 until March 2020. At the end of February 2020 their balance had gone down by almost £1,500. But in March 2020 they took a payment break, and following that there were a number of partial or missed monthly payments, from August 2020 to March 2021.

Our investigator said overpayments restarted in March 2021 but unfortunately only lasted until April 2021, then in May 2021 the payment was missed. So the impact of the payment break and some partial or missed payments, meant the balance had gone up to about £5,000 more than they'd owed in April 2018.

Our investigator said after Mr and Mrs V set up a direct debit in June 2021, payments were made regularly, so their balance had gone back down, and at the end of March 2024 it was under £184,000.

Because our investigator didn't think Landmark had done anything wrong, he didn't think this complaint should be upheld.

Mr and Mrs V disagreed. They said they'd paid Landmark more than enough to clear their mortgage, and despite this, their balance had gone up. They thought their balance should now be close to £175,000 and asked if the arrears and mortgage balance were separate accounts. They said changes to the arrears balance didn't result in the same reduction on the balance overall.

Mr and Mrs V also said that Landmark hadn't credited their mortgage with a payment they made on 3 November 2020 for £600.

Our investigator checked Mr and Mrs V's payments against the mortgage statement from Landmark, and said they were all there. He didn't think any payments had been missed, and he sent them the transactions list, so they could check this themselves. But Mr and Mrs V remained concerned. Because no agreement was reached, this case then came 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.

Our service has written to Mr and Mrs V separately to explain that we can only address here things that happened in the six years before Mr and Mrs V complained to Landmark, on 25 April 2024. I'm only looking here at what happened from 25 April 2018 onwards.

Mr and Mrs V's mortgage is in two parts. It was divided in this way because one part was formerly a repayment mortgage, although both are now interest only. Mr and Mrs V have been sent annual statements at the end of February each year.

By 28 February 2018, the balance on the larger part of their mortgage was just under £99,000, and the balance on the smaller part was just under £87,000. Although it's an interest only mortgage, the balance has been steadily decreasing over most of the last six years.

There was an exception to this in 2020, when Mr V's income was affected by the pandemic. Mr and Mrs V had some payment difficulties then, and took a payment break under special arrangements put in place for the pandemic. The balances on each of the two parts of the mortgage increased during the time that Mr and Mrs V weren't paying the mortgage. That is what I would expect to see during this time.

Mr V was particularly concerned about whether payments he made between March 2020 and July 2021 had been credited to his mortgage. I've checked his account, and I can see payments have been credited at the times and for the amounts he gave us.

Mr and Mrs V also said Landmark wasn't telling them whether their arrears were included in the two total mortgage balances it gave, or not. They said a change in one balance wasn't always mirrored in the other balance. I think the arrears are included, but I understand that it can be difficult to see how this works, particularly when a payment break has been applied, so I'll try to explain it.

At the end of February 2020, Mr and Mrs V's mortgage balances were £97,916.68 and

£85,962.96. And they were £5,678.69 in arrears.

At the end of February 2021, Mr and Mrs V's mortgage balances had increased, as they'd had some difficulties meeting their payments over the previous year, and they'd also had a payment break in 2020, under the special arrangements put in place for the pandemic. Their balances were then £101,304.36 and £88,771.72, and they were £7,803.02 in arrears. So their arrears hadn't increased by the same amount as the mortgage balances.

That isn't because these are separate amounts, not linked at all. Rather, it's because the mortgage balances and arrears balances are tracking different things.

When payments are missed, the mortgage balances will go up. The increase is made up of the interest charged on the mortgages, which is still incurred, but because no monthly payment is made, that interest isn't then paid off. It adds to the balance.

Landmark is also keeping a running total of arrears on these mortgages – this is the difference between the payments it was expecting Mr and Mrs V to make, and the payments they have made. This is a way for Landmark to tell if the mortgages are on track or not. And because information on arrears is usually reported to credit reference agencies, it also shows other lenders if Mr and Mrs V are managing their mortgage as Landmark expected.

This arrears total would usually increase whenever the mortgage payments were missed. But it doesn't increase in the same way when there's a payment break agreed on the mortgages.

Between April and September 2020, Mr and Mrs V were on a payment break, and weren't paying their mortgage. Interest is still charged then. So the mortgage balances would be expected to increase, as unpaid interest accumulates. But their arrears weren't increasing when the payment break was in place. That's because Landmark wasn't expecting any payments – it had agreed with Mr and Mrs V that they could have a break.

I've explained that arrears are the difference between payments Landmark is expecting, and the payments it gets – so when Landmark isn't expecting any payments, arrears went up.

Mr and Mrs V have continued to reduce their debt since then. The overall balance is now back below the May 2018 level.

There is also an arrears balance on Mr and Mrs V's mortgage. When a full monthly payment is made, the arrears balance won't reduce, it will just remain stable. But Mr and Mrs V were making overpayments, so little by little this arrears balance has been reducing.

Mr and Mrs V have repeatedly said they thought Landmark wasn't properly administering this mortgage. Our service doesn't audit mortgages, so I cannot review the payments Mr and Mrs V have made in that depth. But I haven't seen anything to make me think that Landmark hasn't properly administered the payments towards Mr and Mrs V's arrears during this time.

I hope that Mr and Mrs V will find the above helpful in understanding their mortgage, and reassuring that I haven't been able to see any maladministration on this mortgage. I understand that Mr and Mrs V may be disappointed, but I don't think their complaint should 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 V and Mrs V to accept or reject my decision before 3 January 2025.

Esther Absalom-Gough  
**Ombudsman**