

The complaint

Miss E complains that West Bromwich Mortgage Company Limited wouldn't agree to extend the term of her interest only mortgage, and complains about action it has taken since the end of the term.

What happened

Miss E has an interest only mortgage with West Bromwich, with an outstanding balance of around £134,000. The mortgage was due for repayment in September 2022. As the end of the term approached in early 2022, she asked West Bromwich for a term extension.

West Bromwich asked for more information about Miss E's plans and financial circumstances, and in August 2022 it declined a request for a ten year term extension. In September 2022, it said this was because there wasn't enough equity in the property for sale of the property to be an acceptable repayment strategy, and while Miss E had said she intended to repay the mortgage by sale of investments rather than sale of the property she hadn't provided evidence of the investments she was relying on. It said it had also reviewed whether the mortgage could be switched to repayment terms instead, but it didn't think that was affordable. It said it was prepared to reconsider if Miss E could evidence the investments she was relying on.

In November 2022, West Bromwich rejected a further application. It said that it couldn't accept Miss E's repayment strategy – including sale of the property and access to a pension lump sum in 2024 – because it wasn't enough to repay the mortgage balance. However, in December West Bromwich said it would allow Miss E a further six months to repay – until 31 May 2023.

Miss E complained, and on 7 March 2023 West Bromwich sent her a final response. It accepted it had initially used the wrong information about her repayment strategy – which was actually based on another property she owned, not the sale of the property subject to this mortgage. But it had then reviewed her application again using the correct information, and that it had reached the right decision. It still had concerns about whether any term extension would be affordable, especially if interest rates rose in the future. West Bromwich said it would not agree to extend the term, but it would still allow her until May 2023 to repay the outstanding balance.

Miss E did not bring her complaint to us at that time. She continued to make the monthly payments, but was unable to repay the capital in May. West Bromwich contacted her to try to agree a way forward. It said it would need information on how Miss E would repay the mortgage, but that she hadn't provided what it asked for. In early 2024 it told Miss E that it wanted to avoid legal action to repossess the property, but needed to understand how Miss E was going to repay. It also sent standard letters warning her that it might take legal action.

In June 2024 West Bromwich issued a further final response, to a complaint that it had instructed a field agent to visit the property. It said that it had been trying to agree a way for the mortgage to be repaid without success. So it instructed an agent to visit the property and

try to discuss the situation with Miss E.

Miss E brought her complaint to us. She says she is making the mortgage payments and can continue to do so. She has been unwell and is receiving medical treatment. She needs to remain in her own home, and in her local area with local support, while that continues. She has tried to obtain another mortgage without success. She has asked for a term extension, and for more time to repay, but West Bromwich has refused her requests and is now taking her to court, and has sent agents to her property. She said the repeated contact was causing her distress and impacting her health. She doesn't believe she has been treated fairly.

Our investigator said we couldn't consider West Bromwich's refusal of a term extension, because Miss E had not brought her complaint about that to us within six months of its final response in March 2023. But he said we could consider her complaint about how she had been treated since then. He said that West Bromwich had been trying to discuss repayment with Miss E without success. He didn't think that it had contacted her excessively or that instructing a field agent was unfair. Miss E didn't agree and asked for an ombudsman to review her complaint.

I've already issued a jurisdiction decision, in which I said that Miss E did not refer the 7 March 2023 final response to us in time, so we cannot consider that part of her complaint. But we can consider whether West Bromwich has treated her fairly since then. What follows is my decision on the merits of that part of her complaint.

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.

The starting point is that Miss E agreed to repay the capital balance of her mortgage when the term expired in 2022 and – all other things being equal – it's fair that West Bromwich expected her to do so. However, if she couldn't do so, it ought to consider reasonable forbearance and working with Miss E to find a way for the balance to be repaid, and not taking action to repossess the property except as a last resort.

I can't consider whether West Bromwich acted fairly in refusing term extensions in 2022. But I can see it allowed Miss E an extension of time until May 2023 to find a way to repay. Since then, it has allowed further time and has repeatedly tried to find a way forward.

I don't think it's unreasonable that West Bromwich isn't willing to agree to a longer term extension. I appreciate Miss E's difficult personal circumstances, and I understand her wishes to remain in her property, especially in light of her medical issues.

However, the fact is that she does owe the outstanding balance, and it's now overdue. And Miss E does have a way of repaying it that doesn't require her to sell her property. She owns another property outright, which she is currently renting out. That property is worth rather more than the outstanding mortgage balance.

So Miss E does have options. She could explore re-financing the mortgage over her home with another lender. She could instead take out a mortgage over her rental property – or she could sell the rental property. I appreciate she doesn't want to do that, but she does need to find a way to repay this mortgage.

This isn't a situation where Miss E has no way of repaying her mortgage other than selling her home. She has other assets that she could use to repay. In the circumstances, I don't

think it's unreasonable that West Bromwich now expects her to repay the balance, as she agreed to when she took the mortgage out. The term ended over two years ago now, and in trying to find a solution and not taking legal action over that time, I think West Bromwich has acted fairly.

I've also thought about whether the actions West Bromwich took to contact Miss E, including sending an agent to her property, were fair. Overall, I'm satisfied it did act fairly. It had made clear that it wouldn't agree to a longer term extension and Miss E needed to make plans to repay the mortgage. It was fair and reasonable for West Bromwich to keep trying to agree a plan with Miss E rather than taking legal action. I appreciate that contact might have been difficult for her, but ultimately it was because the term of her mortgage had expired and Miss E hadn't repaid it.

West Bromwich has indicated that, once this complaint is over, it will look to take legal action unless the mortgage is repaid. I would therefore urge Miss E to carefully consider her options, and find a way to repay the balance – if she does so, West Bromwich will need to consider any proposals she does make and consider whether to allow reasonable time for her to implement them. For example, allowing a reasonable time for her to market and sell the other property. But if Miss E doesn't have a plan to repay the mortgage shortly, it's likely that West Bromwich will begin legal action.

My final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss E to accept or reject my decision before 7 January 2025.

Simon Pugh
Ombudsman