

The complaint

Mr C complains that Bank of Scotland plc went back on its promise to give him a 12-month grace period when the term of his buy-to-let mortgage had already ended.

What happened

In 1997, Mr C took out an interest only buy-to-let mortgage with Bank of Scotland over a term of 20 years. When the term of the mortgage ended in 2017, Mr C did not repay the mortgage balance.

In January 2024, Mr C spoke to Bank of Scotland about the mortgage. It told him he qualified for a 12-month grace period to give him time to repay the debt. Mr C said he wanted to consider what to do and would come back to Bank of Scotland. But when he later spoke to Bank of Scotland it said that Mr C was no longer eligible for the grace period. Mr C complains that Bank of Scotland should honour what it originally promised.

Our investigator said that Bank of Scotland's policy about the grace period changed in April 2023. So it had given him incorrect information when it spoke to him in January 2024. The investigator said that Bank of Scotland should pay Mr C a total of £150 for the inconvenience caused.

Bank of Scotland accepted what the investigator said. Mr C did not. He said he was astonished that the bank was saying that the proposal it put to him in early 2024 had actually been withdrawn in April 2023.

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 here is that Mr C has a mortgage that he agreed to repay in 2017. So he is in breach of contract and Bank of Scotland would be entitled to take action to recover the outstanding debt. In saying that, it should treat borrowers fairly and there are sometimes likely to be circumstances where it should give a borrower more time. But in this case, the bank has already given Mr C a great deal of forbearance by not taking action to recover the debt.

It is not in dispute that Bank of Scotland told Mr C in January 2024 that he qualified for a further 12-month grace period. Initially it told us this was the correct policy in January 2024, but its policy had changed by the time it was able to speak to Mr C in March 2024. It said it no longer offered the grace period where the term of the mortgage had expired more than 12 months ago – so Mr C did not qualify for the grace period.

Bank of Scotland later told us that its policy had, in fact, changed in around April 2023. It has provided evidence to support that its policy did not allow a grace period as standard when a mortgage was more than 12 months past its expiry. I am satisfied that is likely to be correct. Therefore, Bank of Scotland gave Mr C incorrect information when it spoke to him. I agree

with the investigator that £75 on top of the £75 the bank had already offered is a fair amount to reflect the impact of that on Mr C.

Nevertheless, Bank of Scotland should be considering Mr C's individual circumstances when deciding whether further forbearance such as the grace period was appropriate for Mr C. But looking at the circumstances here I don't consider it acted unfairly or unreasonably by not agreeing the grace period. The term of the mortgage ended more than seven years ago and payments to the mortgage have not been maintained. Looking at the evidence we have, I can't see that Mr C has set out a clear and realistic plan to repay the debt to the bank. In view of that, I don't consider bank of Scotland has acted unfairly in not allowing the grace period or a term extension.

I note Mr C's comments about the difficulty he has communicating with Bank of Scotland. But I don't consider what he has said would mean that I could uphold that part of his complaint or say that the bank needs to do any more.

My final decision

My final decision is that bank of Scotland plc should pay Mr C a total of £150.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 6 February 2025.

Ken Rose
Ombudsman