

## **The complaint**

Mr B complains about the lack of support provided by Accord Mortgages Limited during a period of financial difficulty and ill health which affected his ability to make his mortgage payments.

## **What happened**

In 2019 Mr B bought a property and took out a repayment mortgage with Accord. He borrowed just over £862,000 over a term of 28 years.

Soon after the purchase, Mr B discovered there were severe structural issues with the property that needed to be remedied. He says he had to stop working to complete the building work on the house to make it habitable. Mr B says his parents offered him their life savings and took an equity release loan to help pay for the building work. Towards the end of 2022 Mr B's mental health deteriorated and the building work still hadn't been completed. He says he has been paying what he can afford to the mortgage from the money he receives in benefits. The Department for Work and Pensions (DWP) are also making monthly contributions to the mortgage interest. In the meantime, the mortgage has fallen into significant arrears.

Since the arrears began to accrue Accord attempted to contact Mr B several times without success. In January 2023 an organisation acting as Mr B's representative asked for a payment holiday on Mr B's mortgage account. Accord rejected that but said it would complete an income and expenditure assessment to try and find an alternative solution. Accord was unable to make successful contact with either Mr B or his representative to discuss that. Mr B's mortgage entered into the debt respite scheme (breathing space) in March 2023 until July 2023. During that time Accord stopped charging interest on the arrears, fees, charges, and paused collections activity.

In August 2023 Accord wrote to Mr B to tell him that his fixed interest rate was ending, and his mortgage would be moving to its variable rate of 7.99% on 1 November 2023. This meant the monthly payments would be changing from £3,156.20 to £6,049.63. The letter said that Mr B's mortgage was in arrears of almost £32,000, but if he brought the account up to date, he may qualify for a new interest rate product.

In October 2023 Mr B wrote to Accord to explain his plans for finishing the house renovation and to ask for the mortgage to be switched to interest only at a lower interest rate that would enable him to make payments whilst finishing the building work and receiving his medical treatment. He said a two year fixed rate would give certainty on monthly payments and align with his health treatment plans. Accord declined the proposal.

Accord said that even if it were to switch the mortgage to interest only temporarily, the monthly payments would still be unaffordable for Mr B. It said the payments would be £5,608.05 per month, and Mr B could only afford to pay £1,376.67. At the time, the mortgage arrears were just under £50,000. It said it was looking to start legal proceedings to take possession of the property. But that Mr B should contact it if his circumstances had changed so it could carry out another review.

Mr B complained. He felt that Accord was failing to apply the regulator's principles and guidance and it was in no one's interests to repossess the property whilst it was uninhabitable and in negative equity. He planned for the building works to be completed by the end of 2025 at which point he could return to work and resume making full monthly payments on a repayment basis, as well as clear the arrears. He wanted Accord to allow him to make monthly payments of what he could afford to pay (£1,376) until then.

Accord didn't uphold the complaint. One of our Investigators looked into things, and whilst she empathised with Mr B's circumstances, she didn't think Accord had acted unfairly.

Mr B disagreed, and asked for the complaint to be passed to an Ombudsman.

### **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.

Firstly, I want to acknowledge the difficult circumstances Mr B has found himself in in recent years. I'm sorry to hear about how his mental health has been impacted by his wider circumstances and appreciate his honesty and openness during this complaint. I can also see he's put a lot of time and effort into this complaint and the submissions he's made, and it's clear this matter means a great deal to him. I want to assure both parties that I've considered everything provided carefully before reaching a decision about a fair and reasonable outcome for this complaint. But whilst I know this will come as a disappointment to Mr B, I agree with the Investigator that this complaint shouldn't be upheld.

Mr B's mortgage has been in arrears since September 2022. At the time this complaint was referred to our service in September 2024, the arrears stood at over £83,000. Since Mr B was able to sort out his benefits entitlement and successfully applied for help from the DWP in mid 2023, he has been making consistent payments based on what he can afford. But unfortunately, that amount isn't anywhere near enough to cover his contractual monthly payment (CMP).

Where a borrower is experiencing financial difficulty and is struggling to pay their CMP, lenders are required to offer forbearance where appropriate based on the individual circumstances of the borrower. They must also treat them fairly and reasonably, and legal action to take possession of the mortgaged property should only be taken as a last resort. Mr B feels strongly that Accord has not fulfilled its obligations as set out by the regulator. When deciding this complaint, I've taken account of the regulator's principles set out in its handbook, as well as the specific obligations on mortgage lenders as set out in MCOB (Mortgages and Home Finance: Conduct of Business sourcebook).

When Mr B stopped making payments in 2022, Accord made several attempts to contact him without success. In November 2022, a welfare adviser wrote to Accord and told it Mr B was struggling with his finances and mental health. It asked Accord to suspend payments on the account, and freeze interest and charges for a minimum of six months. Accord made several attempts to contact Mr B and his welfare adviser to discuss his circumstances further, but was unable to make contact with either. It wrote to Mr B in January 2023 to tell him it wouldn't be able to freeze interest or suspend payments, but that it could look at other options once it had a better understanding of his situation. It said it would keep trying to contact both parties, and enclosed an income and expenditure form for him to complete. I think that was reasonable.

When lenders are considering forbearance, it's important that any forbearance agreed is

appropriate based on the individual circumstances of the borrower. When Mr B's welfare adviser wrote to Accord in November 2022, Accord didn't have an up-to-date picture of Mr B's circumstances, other than the information that was contained in the letter, which was that Mr B was struggling with his finances and mental health. Based on that limited information, I don't think it was unreasonable Accord declined the request and asked for more information. It acknowledged that Mr B may not want to discuss this with it himself and offered to liaise with the welfare adviser on his behalf. Based on the circumstances, I'm satisfied that was reasonable.

Accord continued to try and speak to Mr B and his welfare adviser several times until it received notification from a mental health and money advice organisation in March 2023 that Mr B had entered into breathing space. At that point, it stopped collections activity. In May 2023 Mr B called and asked about switching the mortgage to interest only in the short term. He said he was planning to sell the property in 12 months, and would send his income and expenditure information to Accord once he knew how much he would be receiving in benefits after his recent applications had been considered. Accord acknowledged the request and said it would wait to receive information about Mr B's affordability. Mr B's application for support from the DWP was approved in October 2023 (and six months' worth of payments were backdated).

At that point, Mr B made a new proposal. He asked for a lower interest rate to be applied to the account for two years (along the same lines as the one he had previously which was 1.28%), and a temporary switch to interest only payments. He said he had looked into moving lodgers into the property and was confident that once that happened, he would be able to afford the monthly payments and start contributing to the arrears if Accord was to make the requested changes.

I've thought carefully about whether Accord considered Mr B's proposal fairly in light of what it knew about Mr B's circumstances at the time. The mortgage was about to revert to Accord's standard variable rate of 7.99%, which would increase Mr B's monthly payments to £6,049.63. Accord looked at what the monthly payments would have been if it switched the mortgage to interest only on a temporary basis, and it was more than Mr B could afford to pay at the time. I can't see that it considered whether applying a lower interest rate to the account as well as switching the mortgage to interest only would have made the monthly payments affordable for him. But had it done so, I'm not persuaded it would have made a difference. The interest rate products that Accord had available to borrowers at that time were significantly higher than the interest rate product Mr B had been on previously. So even if Accord had agreed to apply a fixed interest rate to the account for two years, whilst the rate would have been lower than the variable rate the mortgage was about to switch to, it still wouldn't have made the monthly payments affordable for Mr B.

Mr B had sent Accord projections of how he felt he'd be able to increase his payments over time once he could start taking lodgers into the property. But whilst those projections had been sent with the best of intentions and backed by Mr B's research, there were no guarantees that he would be able to increase his payments in that way, as it still relied on him progressing with the building work within a certain timeframe. When Accord assessed Mr B's proposal, I think it was reasonable that it did so based on Mr B's disposable income at the time rather than what he thought he would be able to pay in the future. Whilst I appreciate it can't have been known at the time, I'm aware that Mr B hasn't actually been able to increase his payments in the way he thought he would.

I've also thought about whether Accord ought to have considered other forbearance in light of Mr B's situation. There are both short and long-term options it can implement if there is a way of getting the mortgage back on track and avoiding the position deteriorating further. I note that by October 2023, the mortgage had been in significant arrears for over a year.

During that time the mortgage had been on a low interest rate and whilst Mr B was paying everything he could from the benefits he was receiving, it still wasn't sufficient to meet the monthly repayments.

The building work on the property had been going on for over three years at that point, and Mr B anticipated it was going to take another two years to complete. But again, there were no guarantees that was going to happen and be finished within that timeframe. This is a relatively large mortgage, and so the arrears were increasing quickly when the full CMP wasn't being paid. And agreeing to something that would likely have led to those increasing for a further two years (if not more) would not have been responsible.

There is no dispute here that Mr B is vulnerable. He has been open with Accord about his mental health, and organisations that Mr B has approached for help have also contacted Accord about his health as well. Mr B has correctly highlighted that Accord has a responsibility to take his vulnerability into account in the way it deals with him, and ensure he receives fair treatment in light of his individual circumstances. I can see from the account notes that Accord has taken this into account in the actions it's taken and has tried to engage with Mr B's representatives where possible to discuss things. But it would not be in Mr B's interests to let the matter drift on indefinitely. Whilst there is no denying he was in a very difficult position, Accord has a responsibility to ensure it's not letting the situation continue to deteriorate if the mortgage ultimately is just not sustainable for Mr B.

I have noted Mr B's comments about the property being in negative equity and the financial loss he would stand to make if it is repossessed. But I'm also conscious that by his own timelines, the building work should now be near completion. And it's not clear whether Mr B has looked in detail at the current market value of the property. In any case, there was no guarantee that these concerns and issues would improve had Accord acted any differently.

Since this complaint was made, I'm aware that Mr B's mental health has continued to deteriorate. I'm really sorry to hear about the impact this matter continues to have on him. It's unclear whether any action has been taken following the letter that was sent in January 2025 by the mental health centre Mr B is seeking help from. But if it hasn't done so already, I would expect Accord to reach out to that organisation to discuss next steps for this mortgage to ensure it's taking account of Mr B's circumstances appropriately. Based on the contents of the letter I think further engagement with Mr B directly should be avoided, unless he says otherwise.

### **My final decision**

Considering everything, for the reasons I've explained, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 10 April 2025.

Kathryn Billings  
**Ombudsman**