

## **The complaint**

Mr and Mrs L's complaint is about their mortgage account with Landmark Mortgages Limited. Mr and Mrs L are unhappy at the standard variable interest rate (SVR) charged by Landmark, and about what they say is a lack of help in relation to their financial situation. In addition, Mr and Mrs L are unhappy about Landmark's business model and customer service.

## **What happened**

I don't need to set out the full background to the complaint. This is because the history of the matter is set out in the correspondence between the parties and our service, so there is no need for me to repeat the details here. In addition, our decisions are published, so it's important I don't include any information that might lead to Mr and Mrs L being identified. So for these reasons, I will instead concentrate on giving a brief summary of the complaint, followed by the reasons for my decision.

In 2006, after taking advice from their own independent financial adviser, Mr and Mrs L took out a mortgage with a lender I'll call NR, borrowing about £105,000 on an interest-only basis over a term of 25 years. The mortgage is due to end in 2031. The mortgage was initially on a fixed rate for the first three years, following which it reverted to SVR, where it has remained ever since.

In 2008 the financial crash happened and NR collapsed. It stopped offering new interest rates to its borrowers, the government stepped into rescue the business and it was nationalised. Mr and Mrs L's mortgage was transferred to a business I'll call NM, then to Landmark.

Mr and Mrs L are unhappy at the interest rate they are paying, and they complained to Landmark about it. They say they are trapped, paying a high SVR, and are mortgage prisoners. Landmark doesn't have any new rates to offer them, nor any other customers. Mr and Mrs L say that this is because Landmark operates as a "trust" not a lender, which they believe is an unfair business model.

In addition, Mr and Mrs L say Landmark hasn't offered them any help in relation to financial difficulties. They are also unhappy about the customer service they've had from Landmark, and that Mrs L was upset by the way she was spoken to on the telephone, which resulted in a previous complaint to the Financial Ombudsman Service several years ago. As a result, they will only deal with Landmark in writing.

Landmark said that the mortgage has operated in line with the account terms and conditions. Furthermore, Landmark has explained that it is closed to new business so doesn't offer any alternative interest rates. Landmark clarified that Mr and Mrs L are free to repay their mortgage and move to another lender at any time, as there is no early repayment charge (ERC) that would be charged on redemption of the mortgage. Landmark suggested it would be helpful for Mr and Mrs L to take independent financial advice (IFA).

In order to see what it could do to help Mr and Mrs L with their financial difficulties, Landmark asked Mr and Mrs L to complete an Income & Expenditure (I&E) form which it sent them in the post. However, Mr and Mrs L wouldn't complete or return this. Landmark said that, whilst it acknowledged Mr and Mrs L's preference not to speak on the phone, this made it more difficult to discuss their circumstances, particularly in the absence of an I&E. As a result, a payment arrangement couldn't be made.

Landmark explained to Mr and Mrs L that if no arrangement could be reached – and if the arrears continued to increase – then it was likely legal action would follow. Landmark provided Mr and Mrs L with details of free debt advisory agencies that might be able to help them.

In August 2024 Mr and Mrs L complained to our service about the poor treatment they say they'd received from Landmark, and about the interest rate. Mr and Mrs L also say that, because Landmark no longer offers new mortgages, where existing customers pay off their mortgages, the customer base is shrinking. Mr and Mrs L believe that this is why Landmark's interest rate is so high, because its *"fund is getting smaller"*. Mr and Mrs L say that the monthly payment of £560 per month is too high.

An Investigator explained that we couldn't look at the complaint about the interest rate prior to 21 September 2023. That's because Mr and Mrs L hadn't brought it to our service in time.

In relation to the interest rate from 22 September 2023 onwards, the Investigator didn't think Landmark had applied a rate that was unfair. In relation to the way Landmark had dealt with the arrears, the Investigator didn't think Landmark had done anything wrong. He thought it was reasonable for Landmark to ask for an I&E so that it could see what, if any, help it could give Mr and Mrs L. The Investigator noted the arrears had increased and were now the equivalent of five months' outstanding monthly payments. The Investigator explained that Landmark no longer offered new mortgages, and he urged Mr and Mrs L to engage with Landmark.

Mr and Mrs L didn't accept the Investigator's findings and asked for an Ombudsman to review the 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.

On 11 February 2025 I issued a decision in which I explained that we couldn't consider the complaint about the interest rate prior to 22 September 2023. That's because Mr and Mrs L had left it too late to complain to us about it.

Mr and Mrs L have replied to that decision, explaining that there were exceptional circumstances. They say they weren't aware of the time limits that applied, and the only option that seemed correct was to keep communicating with Landmark.

However, the final response letter of 21 September 2023 sets out the time limit to complain to our service in clearly-worded language. Failure to comply with the time limit does not amount to an exceptional circumstances that would allow me to consider the complaint. Furthermore, Mr and Mrs L have used our service in the past and so I'm satisfied they knew, or ought to have known, they could bring a complaint to us. Given this, I am not persuaded to change my decision of 11 February 2025 about which parts of the complaint I can consider.

**Landmark's SVR from 22 September 2023:** Landmark doesn't offer new rates to any of its customers, and there's no obligation, law or regulatory requirement for it to do so. The rules that apply to mortgage regulation do not say that a lender has to offer new interest rates to borrowers, only that the lender must treat borrowers fairly. In the circumstances, I'm satisfied Mr and Mrs L are not being treated any differently from other Landmark customers in this respect.

Landmark has provided us with details of the interest rate changes that have applied to this mortgage account since 2016, up until September 2024, with reference to movement in the Bank of England Base Rate (BOEBR). However, Landmark's SVR is not linked to movement in BOEBR. Landmark funds its mortgage lending business through funding arrangements with third party funders on the wholesale markets. Its funding arrangements are driven by the Sterling Overnight Interbank Average (SONIA) rate, rather than BOEBR (SONIA is a measure of the cost of lending between financial institutions and replaced LIBOR in 2022). Although BOEBR and SONIA are not linked directly, the SONIA rate has fluctuated, reflective of market conditions, to much the same extent as BOEBR has.

Effective Date	SVR	SVR Change	Date of Base Rate Change	Base Rate and whether an increase or decrease
1 Oct 2016	4.64%	Reduced by 0.15%	4 August 2016	0.25% (reduced by 0.25%)
1 Jan 2018	4.79%	Increased by 0.15%	2 Nov 2017	0.50% (increased by 0.25%)
1 Sept 2018	5.04%	Increased by 0.25%	2 August 2018	0.75% (increased by 0.25%)
1 April 2020	4.54%	Reduced by 0.50 %	11 March 2020	0.25% (decreased by 0.50%)
1 April 2020	4.39%	Reduced by 0.15%	19 March 2020	0.10% (decreased by 0.15%)
-	-	No change	16 Dec 2021	0.25% (increased by 0.15%)
1 Mar 2022	4.64%	Increased by 0.25%	3 Feb 2022	0.50% (increased by 0.25%)
1 May 2022	4.89%	Increased by 0.25%	17 March 2022	0.75% (increased by 0.25%)
1 June 2022	5.14%	Increased by 0.25%	5 May 2022	1.00% (increased by 0.25%)
1 Aug 2022	5.39%	Increased by 0.25%	16 June 2022	1.25% (increased by 0.25%)
1 Sept 2022	5.89%	Increased by 0.50%	4 August 2022	1.75% (increased by 0.50%)
1 Oct 2022	6.39%	Increased by 0.50%	22 Sept 2022	2.25% (increased by 0.50%)
1 Dec 2022	7.14%	Increased by 0.75%	3 Nov 2022	3.00% (increased by 0.75%)
1 Feb 2023	7.64%	Increased by 0.50%	15 Dec 2022	3.50% (increased by 0.50%)
1 Mar 2023	8.14%	Increased by 0.50%	2 Feb 2023	4.00% (increased by 0.50%)
1 May 2023	8.39%	Increased by 0.25%	23 March 2023	4.25% (increased by 0.25%)
1 June 2023	8.64%	Increased by 0.25%	11 May 2023	4.50% (increased by 0.25%)
1 Aug 2023	9.14%	Increased by 0.50%	22 June 2023	5.00% (increased by 0.50%)
1 Sept 2023	9.39%	Increased by 0.25%	3 August 2023	5.25% ilincreased by 0.25%)

1 Sept 2024	9.14%	Reduced by 0.25%	1 August 2024	5.00% (reduced by 0.25%)
-------------	-------	------------------	---------------	--------------------------

Therefore, rather than increasing, I see that since 22 September 2023 there has been a reduction in SVR. I understand that, following a reduction in BOEBR on 7 November 2024, Landmark reduced its SVR to 8.89% a week later. The BOEBR was reduced again on 6 February 2025, but Landmark has yet to announce any further reduction in SVR.

Landmark's SVR is higher than the fixed rates offered by other lenders but, as I've said, it doesn't offer any new fixed rates. Furthermore, its SVR isn't an outlier or grossly excessive when compared to the SVRs of other lenders. Therefore, whilst Landmark's SVR is higher than the introductory rates offered by other lenders, it is broadly comparable to the SVR and reversionary rates offered by other lenders.

Given this, I don't think Mr and Mrs L have been treated unfairly because of the level of the SVR applied to the mortgage. I therefore don't uphold this part of the complaint.

**Landmark's business model:** I've noted what Mr and Mrs L have said – they believe they are being charged a high interest rate due to a shrinking customer base, as a result of which they are charged more to cover Landmark's costs. But that is not how Landmark operates. The way Landmark runs its business is a matter for its own commercial judgment, subject to oversight by the Financial Conduct Authority. I don't have any power to tell Landmark how to run its business, as it's not something that falls within the remit of this service.

**Customer service:** Mr and Mrs L are unhappy about the customer service they've received from Landmark and what they perceive as a lack of assistance.

Mr and Mrs L have told us that, as a result of a past phone conversation with Landmark that upset Mrs L (and which resulted in a complaint to our service several years ago), they now prefer to deal with Landmark only in writing. I acknowledge this is their preference, but I also agree with Landmark that it makes it difficult to have an open and frank dialogue about Mr and Mrs L's current financial difficulties and what Landmark might be able to do to help them.

Mr and Mrs L have explained that they've decided not to return the I&E sent to them by Landmark. Instead, they've explained that they've made regular payments to their account and continued to correspond with Landmark about their dissatisfaction with its handling of their mortgage. Mr and Mrs L say that they are happy to engage with Landmark, ensuring that their concerns about its business practices are clearly articulated.

Taking this into account, I've thought about whether Landmark has treated Mr and Mrs L fairly in relation to their financial difficulties.

The starting point is that lenders have a duty to treat all customers, but particularly those facing financial hardship, fairly. Balanced against that, one of the fundamental principles underpinning the mortgage contract is that a lender has the right to receive payment of the money owed to it.

The Mortgages and Home Finance: Conduct of Business Sourcebook (known as MCOB) sets out at MCOB 13 what lenders are required to do to help borrowers in arrears. A lender is required to explore ways to resolve an arrears situation, especially if the problem that created the arrears to begin with is one that looks to be short-term and capable of being resolved.

For long-term difficulties, a lender must also look at other ways to help, such as transferring a mortgage from capital and interest repayment to interest-only, deferring interest for a period of time or capitalisation of arrears. Balanced against that is the lender's obligation to ensure that any arrangement is affordable and sustainable.

However, I'm satisfied that Landmark can only consider what forbearance it can offer to Mr and Mrs L if they provide Landmark with full and frank disclosure of their financial situation. It's up to Mr and Mrs L if they want to do that, but if they decide not to, then I can't criticise Landmark for any lack of engagement or an unwillingness to discuss a payment arrangement to clear the arrears.

I think it's clear from what Mr and Mrs L have said that they equate what they consider to be Landmark's failure to help them out of their financial difficulties with its inability to offer them a lower interest rate. I've already explained that Landmark is unable to offer a new rate, and that isn't going to change for Mr and Mrs L. That doesn't mean that Landmark isn't able to offer assistance to Mr and Mrs L, in line with its regulatory obligations under MCOB 13. But if Mr and Mrs L don't want to return the I&E, that's entirely up to them. Landmark won't be able to consider a payment arrangement without assessing whether or not it is affordable. Therefore, the ball is in Mr and Mrs L's court in deciding whether or not they want to engage with Landmark to see if there is a solution to their financial difficulties.

Landmark has explained the potential consequences of failing to address the arrears on the account, and has signposted Mr and Mrs L to various agencies that can give them advice about their financial difficulties. Landmark has also suggested Mr and Mrs L take IFA to see what alternative mortgage options might be available to them with other lenders. In the circumstances, I'm not persuaded Landmark is required to do anything more than this, given Mr and Mrs L's reluctance to return the I&E or to engage generally in a dialogue with Landmark.

I therefore don't uphold this part of the complaint.

## **Conclusion**

Overall, after considering everything Mr and Mrs L and Landmark have said, I'm unable to find Landmark has done anything wrong. I know this isn't the outcome Mr and Mrs L were hoping for, and I can see how strongly they feel about what they consider to be Landmark's shortcomings in its failure to reduce their interest rate. But, for all the reasons I've given above, this isn't something Landmark is able to do.

I can only reiterate that Mr and Mrs L might find it helpful to speak to one of the agencies Landmark has signposted them to about their financial difficulties, or to a financial adviser, to see what their alternative mortgage options might be. The mortgage term is due to end in 2031, when Mr and Mrs L will need to repay the full balance to Landmark.

Once the mortgage term has expired, any assistance Landmark will be able to offer Mr and Mrs L will be very limited indeed. I therefore think it would be prudent for them to give some thought as to how they intend to repay the mortgage sooner rather than later, so they can put in place a repayment strategy before the term comes to an end.

## **My final decision**

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

This final decision concludes the Financial Ombudsman Service's review of this complaint. This means that we are unable to consider the complaint any further, nor enter into any discussion about it.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr and Mrs L to accept or reject my decision before 12 March 2025.

Jan O'Leary  
**Ombudsman**