

The complaint

Miss R complains about the sale and administration of a second charge mortgage that is administered by Swift 1st Limited trading as Swift Advances.

What happened

In 2007, Miss R took out a second charge secured loan with Swift Advances Plc of £25,000 over a term of 15 years. But when the term ended in 2022 a balance remained of over £30,000. Swift Advances said that when Miss R took out the loan, she agreed to pay back over £58,000 including interest. It said the balance was higher than expected because Miss R had missed payments and incurred fees and charges – that meant Miss R had also incurred additional interest.

Swift Advances Plc resigned from our compulsory jurisdiction in 2016. Since then a connected but separately regulated firm, Swift 1st Limited has administered the loan under the trading name of Swift Advances and has accepted responsibility for this complaint. I'm going to refer to Swift Advances throughout this decision. That reflects that it is trading name of the firm that now administers the loan – but that it is a different company from the one that originally granted the loan.

Miss R complains:

1. The loan was mis-sold.
2. The fees and charges applied are unfair.
3. The loan balance is higher than it should be. She's reached the end of term and there is still a balance outstanding.
4. Swift Advances took legal action unfairly.
5. Swift Advances has not treated her fairly when she experienced financial difficulty.
6. Swift Advances' administration of the loan and how it has communicated with her.

I issued a jurisdiction decision setting out that I was unable to consider complaint 1 as it was referred outside our time limits. I could only look at complaints 2, 3 and 5 from 23 February 2023. I could consider any other issues that were dealt with in various final responses from Swift Advances between April and August 2024.

The investigator did not think the complaints we could look at should be upheld. Miss R did not accept what the investigator said.

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 can understand why Miss R has brought this complaint – she's been left with a significant balance to repay even though the term of the mortgage ended more than two years ago. The reason for that is partly due to the terms of the original agreement – Miss R was always required to pay back £33,032 in interest on top of the £25,000 she originally borrowed.

I can also see that Miss R has not always made the payments due or on time. That meant that the balance was higher than it should have been – and fees and charges had also been applied. It was reasonable for Swift Advances to apply interest to the total balance. So the total amount Miss R needed to pay was higher than originally agreed because of how the account had been conducted.

All those things meant that the loan balance did not reduce as expected. But I'm afraid the reason for that is events before 23 February 2023. I've already explained why we can't look at events before then. So that means I'm unable to address the underlying reasons why the remaining balance is as high as it is or whether Swift Advances treated Miss R fairly during that period.

I have looked at the parts of the complaint we can consider. But I agree with the investigator that Swift Advances has not acted unfairly in the circumstances.

Fees and charges

I can't see that Swift Advances has applied any fees or charges from 23 February 2023 – other than for field agent visits and legal fees. I will deal with that below.

Loan balance

Looking at the evidence we have, I can't see that Swift Advances has administered the loan balance unfairly or unreasonably since 23 February 2023. I have not seen any evidence that Miss R has made any payments that have not been applied correctly and interest has been applied in line with the terms of the loan.

Financial difficulty and legal action

Miss R was clearly in financial difficulty. The loan had reached the end of term and a significant balance remained. Swift Advances was required to treat Miss R fairly.

When the term of the mortgage ended, Swift Advances gave Miss R two years to explore ways to repay the remaining balance – as long as she maintained the contractual monthly payment that was in place before the term ended of around £340. That was reasonable in the circumstances. It gave Miss R time to work out ways to repay the balance.

In October 2023, Miss R's payments reduced to £100. In January 2024, as there had been no meaningful contact with Miss R, Swift Advances sent a field agent to Miss R's home. This was a reasonable step for a lender to take in these circumstances and Swift Advances was entitled to pass on the cost of the visit to Miss R. I note Miss R said that the field agent did not knock on her door when they visited her home. It is difficult to say what happened based on the limited evidence we have. But we have the report completed by the agent and it said they visited the property, spoke with someone and left a letter for Miss R. On balance, I am not persuaded the agent did not do what they were supposed to when they visited the property.

As there was no plan agreed to repay the debt, in April 2024, Swift Advances sent Miss R a notice of intention to commence legal proceedings. Lenders should only take action to repossess a property as a last resort. Looking at the position in April 2024, I think it was reasonable for Swift Advances to start such action. I say that as the term had ended some years ago, Miss R had not paid what she agreed and there was no viable plan in place to get things back in track – despite the attempted contact from Swift Advances.

I can see that Swift Advances sent Miss R financial assessments to complete so it could

understand what her income and expenditure was. That is in line with the steps I would expect a lender to take in the circumstances so it can consider what if anything the borrower can afford to pay, But the evidence I have is that Swift Advances only received a completed assessment from Miss R in around June 2024. In the circumstances it would be reasonable for a lender to ask for information to verify the information it had been given about income and expenditure, for example by way of bank statements.

Swift said the initial assessment showed that Miss R had a deficit of around £3,000 a month, so it rejected her proposal to pay £250 a month. That would be reasonable based on that information – that was not a sustainable or realistic proposal. But Miss R later said she'd found a new job and Swift Advances agreed a new payment plan based on the updated information. Again, that was fair. Swift Advances cancelled the planned court hearing as an arrangement had been agreed.

Overall, I do not consider that Swift Advances has treated Miss R unfairly. It took legitimate and reasonable action when the initial arrangement failed. It tried to contact Miss R, but when it was unable to put in place a viable plan to repay the mortgage it started legal action. But it later cancelled the planned action when Miss R's circumstances changed, and she was able to show that she could afford an arrangement that would repay the mortgage in a reasonable time.

Administration

Miss R has raised a number of points about how Swift Advances administered her account. But looking at what happened I don't consider that Swift Advances treated her unfairly or unreasonably.

Looking at the evidence we have, I can't see that the customer service provided by Swift Advances fell below a reasonable standard. In the phone call I have listed to Swift Advances' staff member was calm and polite when speaking to Miss R. And the evidence we have is that Swift Advances called Miss R back and gave her the various information she requested in a reasonable timescale.

The solicitors acting for Swift Advances sent a letter addressed to "The Tenant or The Occupier". The letter included details of the possession hearing that had been set for August 2024. Possession was a serious matter that affected anyone living in the property. So it was reasonable for the solicitor to address the letter to the occupiers.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss R to accept or reject my decision before 15 April 2025.

Ken Rose
Ombudsman