

The complaint

Mr and Mrs G complain that Bluestone Mortgages Limited treated them unfairly when they fell behind with their mortgage payments. Mr G has dealt with the complaint.

What happened

Mr and Mrs G took out a mortgage in 2022. The mortgage fell into arrears in late 2022. Bluestone started possession action in early 2024.

Mr G says they got into financial difficulties in 2022 when he lost his job and couldn't find work. He said he spoke to Bluestone many times, but it didn't offer support. He says it told him to clear the arrears.

Mr G says the way they were treated by Bluestone caused them financial problems, affected their credit files, and will result in them being homeless. He said this affected his wellbeing and he now has severe anxiety and depression and other conditions requiring therapy and medication. Mr G says this could have been avoided if Bluestone had offered a resolution earlier on.

Our investigator said Bluestone tried to contact Mr and Mrs G to look at ways to get the mortgage back on track. Our investigator said it wasn't unfair or unreasonable for Bluestone to take possession action. It didn't appear there was a sustainable or realistic way to get the mortgage back on track.

Mr G says Bluestone didn't reply to his emails or consider his proposals to get the mortgage back on track. He said this put him into a depressive spiral. He said he suffers from a wide variety of mental illnesses mainly induced by the problems with the mortgage. Mr G said they are selling the property. He says they will lose their deposit and might be left with a shortfall debt.

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.

Mr and Mrs G's mortgage fell into arrears in late 2022. Their direct debit payments were returned unpaid. Mr G says this was due to him being out of work.

In late 2022 Mr G told Bluestone he'd found work and would make payments to clear the arrears. Mr and Mrs G made payments in early 2023 that almost cleared their arrears. They didn't resume making their contractual monthly payments. The arrears increased again from April 2023.

In early June 2023 Mr G told Bluestone he was owed money from overseas that had been held in the banking system. In mid-June 2023 Mr G sent an email to Bluestone saying he'd been offered a permanent position with a salary high enough to pay the mortgage and other outgoings. He said he'd be able to clear the arrears in the near future.

Mr and Mrs G made payments in August 2023 which reduced their arrears to about £2,500. They didn't make contractual monthly payments and the arrears increased. In late 2023 Mr G said he'd clear the arrears. Mr and Mrs G made two payments in October 2023 totalling £3,000, which reduced their arrears to about £4,000.

In February 2024 Mr G told Bluestone he'd made a proposal in November 2023 but hadn't received a response. He said he'd recently started a new position and expected some outstanding invoices to be paid. He said he'd be able to make payments towards the arrears. Mr and Mrs G made a payment of £2,000 in February 2024, reducing the arrears to about £7,500. In March 2024 Mr G told Bluestone he'd clear the arrears by the end of April 2024. However, Mr and Mrs G didn't make any payments after February 2024.

In April 2024 Mr G called Bluestone after receiving a letter from its solicitors about recovery action. Mr G said he'd make payments of £2,000 every two weeks. In June 2024 Mr G sent an email saying he'd co-founded a business which had received investment and he was able to start making repayments. Mr G asked for an arrangement to get the mortgage on track or for six months to sell the property.

Bluestone told Mr G that as it had started litigation they'd need to reduce the arrears below three months before it could review affordability for an arrangement. It said if they did this it would halt litigation. Bluestone sent an income and expenditure form for Mr and Mrs G to complete and return.

In October 2024 Mr G told Bluestone he was in permanent employment at a salary that would allow him to make mortgage payments and payments towards the arrears. Mr G said they were trying to sell the property and had reduced the asking price. In late 2024 Mr G said he'd been unable to make payments because he hadn't received money owed to him by businesses he'd worked for. In December 2024 Mr G said he was in full time employment and could resolve all the issues, but thought the matter had gone too far.

Mr and Mrs G marketed the property for sale from mid-2024. The court adjourned hearings in late 2024 and early 2025 to allow time for a potential sale of the property to progress.

By early 2025 Mr and Mrs G's arrears were about £30,000.

I think it was fair for Bluestone to take possession action. It seems unlikely it could offer support or forbearance that would have helped get the mortgage back on track. Mr and Mrs G didn't – or couldn't – maintain monthly payments. This continued for some time and I don't think Bluestone had any credible basis to expect the situation to improve. Allowing the arrears to continue to increase could put Mr and Mrs G into a worse position as they will have a bigger debt to repay.

Mr G says their equity has been eroded and they might be left with a shortfall debt. Mr G says they're in this difficult position because Bluestone didn't respond to his emails and offer support. In effect, he says that if Bluestone had responded differently, they'd have been able to get their mortgage back on track.

While I appreciate how difficult the last two to three years must have been for Mr and Mrs G, I don't know what more I'd fairly expect Bluestone to have done. It made regular attempts to contact Mr and Mrs G. When Mr G got in contact he told Bluestone he'd found well paid work with sufficient income to bring the account up to date within a short period. Based on what Mr G told Bluestone, they didn't need an affordable arrangement or other support to clear the arrears.

Even if Bluestone had reviewed affordability, it's unlikely it would have been able to put an

affordable arrangement in place to repay the arrears or that this would have been maintained, given that Mr and Mrs G were unable to make their monthly payments.

Mr G made proposals in 2024, such as that the arrears be capitalised and/or the term extended, they switch to interest only payments and make overpayments, or that Bluestone offer a re-mortgage for an amount that covered the whole balance including the arrears (Mr G said this was viable as the equity in the property had increased).

Bluestone declined these proposals. I think this was fair. I'm not persuaded Mr G's proposals were a sustainable solution, given the level of arrears and the persistent difficulties Mr and Mrs G had making payments.

Bluestone told Mr G it would halt litigation and review affordability for an arrangement if the arrears were brought below three months. This was an option for Mr and Mrs G if they did have funds available.

Mr G said Bluestone didn't tell him how to make payments. Bluestone's letters about missed payments set out how to make payments. It sent messages about the missed payments with links to make payments or a number to call. Mr and Mrs G did make some payments. So I think they did have information about how to do this.

Mr G says Bluestone should have told him sooner that selling the property was an option. I don't think Bluestone would have known Mr and Mrs G weren't aware of this. If Mr and Mrs G had told Bluestone at an earlier stage that their situation was unlikely to improve, it might have been fair for Bluestone to discuss how it could support them with a property sale.

Mr G told us he has severe anxiety and depression, he finds it hard to work or hold down a job and his mental health has been affected in other ways. Mr G says he finds it difficult to speak on the phone. He asked Bluestone to only contact him by email – which he says it agreed to. Mr G says the way they were treated by Bluestone caused or increased his mental health issues.

It's understandable that Mr G is worried about the situation, and I'm sorry to hear how this has affected him. I don't think in the circumstances it's fair to find that this is due to Bluestone treating Mr and Mrs G unfairly. Mr G told us he had problems finding work, jobs fell through and it seems he had difficulty getting paid for his work. That would have been stressful. The loss of income led to financial difficulties, and being in mortgage arrears would have added to the worry and stress. I think it's Mr G's work situation and the resulting financial difficulties that are the cause of Mr and Mrs G's worry and distress, and Bluestone isn't responsible for this.

If Mr G needs Bluestone to make further adjustments in how it communicates with him, he can contact Bluestone about this – if he hasn't already done so.

Bluestone upheld some parts of Mr and Mrs G's complaint. It says Mr and Mrs G raised a complaint in September 2024 which it didn't respond to. It said that it didn't respond when Mr G sent income and expenditure information in June 2024 and its response to Mr G's email in August 2024 was delayed. Bluestone paid £150 as an apology. I think for the additional upset these errors caused Mr and Mrs G, this compensation is fair and reasonable.

My final decision

My decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs G and Mr G to accept or reject my decision before 15 August 2025.

Ruth Stevenson
Ombudsman