

The complaint

This complaint is about a buy-to-let (BTL) mortgage Mrs and Mr N hold with TSB Bank plc. The essence of the complaint is that Mrs and Mr N believe the mortgage was mis-sold when they took it out (because it is interest-only with no repayment vehicle) and TSB never told them they wouldn't be able to extend the term later, due to age restrictions.

What happened

The broad circumstances of this complaint are known to all parties. I'm also aware that the investigator issued a detailed response to the complaint, a copy of which has been sent to both parties, and so I don't need to repeat all the details here. Our decisions are published, and it's important that I don't include any information that might result in Mrs and Mr N being identified.

Instead I'll give a brief summary of the key issues (and then focus on giving the reasons for my decision. If I don't mention something, it won't be because I've ignored it. It'll be because I didn't think it was material to the outcome of the complaint.

The mortgage began in 2003, and was lent on a 25-year term, so it's due for repayment in 2028. In contrast to Mrs and Mr N's recollection, it began as a capital repayment mortgage. TSB's notes record that the switch to interest-only, which happened in 2007, was carried out at Mrs and Mr N's specific request.

Since that time, Mrs and Mr N have made regular voluntary overpayments which have gradually brought the balance down. They currently have an arrangement in place to pay the contractual monthly payment (CMP) plus £450; if they maintain that, the balance will be repaid in full before the 25-year term ends in 2028.

Recently, Mrs and Mr N asked for a five-year fixed rate to be applied to the mortgage. TSB said no because the mortgage had less than five years left to run, and said a term extension to allow a five-year rate wouldn't be possible because it would take Mr N past the upper age limit in TSB's lending policy.

Our investigator said that he couldn't look into how the mortgage came to be interest-only. He concluded that the complaint had been made too late under our rules.

But the investigator also said that we could consider whether there had been an unfair relationship between TSB and Mrs and Mr N as a result of the way mortgage had been operated generally and how the term extension request had been assessed - taking into account all matters relevant to the fairness of that relationship whenever they occurred, and even where they are time barred if subject to a complaint in their own right.

However, he considered that no unfair relationship had been created. In his view, TSB hadn't acted unfairly towards Mrs and Mr N in its operation of the mortgage or its refusal of a term extension to facilitate a five-year interest rate product.

Mrs and Mr N asked for the complaint to be reviewed by 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.

Having done so, what follows are my conclusions and the reasons for them.

Where the evidence is incomplete and/or contradictory, I'm required to reach my decision on the basis of what I consider is most likely to have happened, on the balance of probabilities. That's broadly the same test used by the courts in civil cases.

It's for us to assess the reliability of evidence, from both sides, and decide how much weight should be attached to it. When doing that, we don't just consider individual pieces of evidence in isolation. We consider everything together to form a broader opinion on the whole picture. I'm satisfied I can reach a fair decision on the basis of what the parties have said and provided.

In reaching my decision, I will have regard for the law and good industry practice where relevant, but my overarching responsibility is to decide what is fair and reasonable in the circumstances. That can sometimes mean reaching a different outcome from what might prevail in court.

I share the investigator's view that the underlying complaint of mis-selling of an interest-only mortgage is time-barred under our rules. However, I can consider whether there has been an unfair relationship between TSB and Mrs and Mr N as a result of the way the mortgage operated and how TSB responded to the request from Mrs and Mr N to extend the term to accommodate a five-year interest rate product.

It seems to me that, at its core, the case for an unfair relationship having been created in the first place is based on a belief on Mrs and Mr N's part that TSB should have let them know sooner than it did that it would not consider extending the term of the mortgage beyond Mr N's 80th birthday. In an email to our Investigator dated 7 March 2025, Mr N specifically asked why TSB didn't alert them to this limitation when they took the mortgage out in 2003.

There's nothing to suggest Mrs and Mr N asked about term extensions in 2003, or indeed at any other time before requesting the five-year interest rate product in 2024. It's not something about which I'd expect a lender to volunteer information unprompted, and certainly not at the start of the mortgage. Very simply, it would have no reason to. It's a question I'd only expect a lender to answer if and when it was asked, and TSB did that in 2024.

As far as the term extension itself is concerned, my starting point here is that Mrs and Mr N borrowed money from TSB and under the terms of their agreement with TSB, are due to repay the money in 2028. They're actually on target to do that if they continue with their current payment arrangement.

I appreciate Mrs N and Mr N are unhappy their request was refused. But, as things stand, there isn't currently any need for a term extension to repay the mortgage. And while there wasn't quite enough time for a new five year fixed interest rate, TSB does offer shorter-term rates.

If Mrs N and Mr N later find they aren't able to maintain their current overpayments, and they find themselves unable to repay the balance by the end of the term, they'll need to have a further discussion with TSB at that point. If that situation arises, TSB will need to treat them fairly and sympathetically, showing appropriate forbearance and working with Mrs N and Mr

N to find a way to repay the mortgage – their ages alone would not be a reason to withhold otherwise appropriate forbearance.

I appreciate how strongly Mrs and Mr N feel; I'm not unsympathetic towards their current situation. But after considering everything that both parties have said and provided, I'm not persuaded that the circumstances in which Mrs and Mr N's BTL mortgage has operated to date, or the way TSB treated the request to extend the term, created a relationship between TSB and Mrs and Mr N that is unfair, or that there was (or is) any ongoing unfairness in that relationship that TSB is under an obligation to remedy.

My final decision

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

My final decision concludes this service's consideration of this complaint, which means I'll not be engaging in any further discussion of the merits of it.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs and Mr N to accept or reject my decision before 14 July 2025.

Jeff Parrington

Ombudsman