

The complaint

Mr M complains that The Mortgage Business Plc trading as TMB reneged on an agreement to extend his buy to let (BTL) mortgage term. He says he was led to believe the rate was fixed for the duration of the mortgage, and that all of this has impacted his credit file.

What happened

Mr M has a BTL mortgage with TMB. Part is on a repayment basis and part is interest only.

Mr M spoke with TMB on 13 January 2023 about reducing his mortgage arrears. TMB told Mr M that he could extend the mortgage term by around ten years, which would mean he'd pay more interest, but would also reduce his payments. Mr M agreed to extend his mortgage by three years and was told this would reduce his payments to £1,262 per month. During this conversation Mr M asked questions about whether his interest rate would increase and says he was led to believe it would not.

Mr M agreed to increase his payments for six months to clear the arrears on his mortgage, and was told the three-year extension would be applied at the same time. Mr M spoke with TMB the following day to confirm the arrangements he'd agreed, and says he was told that everything had been put in place as requested.

Around two weeks later, TMB told Mr M it had made a mistake and couldn't agree to extending the term. Mr M continued to dispute this, and said he'd entered into a legally binding contract with TMB to extend the term. But Mr M made it clear at this stage he wasn't making a formal complaint.

In February 2024, Mr M complained to TMB. He again said he'd entered into a legally binding contract to extend the term of his mortgage in January 2023. He also complained about the adverse records showing on his credit file in relation to this mortgage and that he felt the interest rate ought to have been fixed for the duration of the mortgage.

TMB issued a final response to Mr M's complaint on 20 March 2024. It said it had mistakenly agreed on 13 January 2023 that he could have his mortgage term extended. But he was advised by 27 January 2023 that an error had been made offering this extension and it would not be agreed. TMB said it offered to log this as a complaint at the time, but Mr M simply wanted the extension to be agreed. TMB explained in its final response letter that it couldn't agree to extend the mortgage term as this was on an interest only basis with no repayment vehicle. TMB apologised to Mr M and offered £100 compensation.

Unhappy with this response, Mr M referred his complaint to our Service. When he referred his complaint to us, Mr M explained he was willing to sell the property but had recently found out that there were issues with the cladding on the property meaning it currently has no sale value. He said as soon as this is resolved, he will put the property up for sale. Mr M also added that he believed that TMB are recording incorrect information on his credit file which is impacting him, and that his interest rate should have been fixed for the duration of the mortgage extension.

Upon referral to our Service, TMB said it had now agreed to extend all parts of the mortgage until June 2026 to allow Mr M time to have the cladding issue remedied, and to sell the property.

Our Investigator considered the complaint and thought that TMB's offer of £100 plus the offer to extend the mortgage to June 2026 to give Mr M the chance to sort the cladding issue was fair. The Investigator noted that Mr M's account was in a significant level of arrears, and it was right for TMB to record this to the relevant credit agencies.

Mr M didn't accept this. He thinks that TMB's failure to extend the mortgage when it said it would in January 2023 was the reason he was in such significant arrears. Mr M asked for an Ombudsman to consider his complaint. So, it's been passed to me to make a final decision.

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.

There's no doubt TMB made a mistake when telling Mr M he could have a term extension when he wasn't eligible for it. I know Mr M believes he was entering into a contract with TMB during this agreement. However, I don't agree. TMB made a mistake, and it informed Mr M of this within two weeks of the error. So, I can't see this has had a huge impact on Mr M. The fact that TMB wasn't willing to agree to the term extension may have had a bigger impact on Mr M, but this was a decision TMB was entitled to make. Mr M was in significant arrears at the time, and while he was taking steps to reduce these, TMB was entitled to decline the term extension request based on this. Having thought about this, I think the £100 compensation it's paid for this is fair.

Moving on to the fact that Mr M thinks his interest rate should've been fixed for the duration of the mortgage. When Mr M asked about his interest rate during one of the calls in January 2023, he says he was told that this wouldn't impact the interest rate, just the amount he paid in interest. Mr M says he took this to mean his interest rate was fixed for the duration of the loan. I don't agree with his interpretation of what he was told, but I do think that TMB could've been clearer in its explanation. That said, even if Mr M was told his interest rate was fixed in error, I wouldn't expect TMB to honour this. Mr M would've been provided with information at the start of the mortgage about the interest rate, and that it reverted to a variable one. So, I think Mr M ought reasonably to have known his rate wasn't fixed for the duration of the mortgage.

I'm aware that Mr M was taking steps to clear the arrears on his mortgage. And the incorrect information provided by TMB wouldn't have helped with this. I asked TMB to recalculate the account as if the term extension had been put in place. And, having looked at these figures, even if the mortgage had been extended, Mr M's mortgage would still be in a significant level of arrears. TMB is required to accurately report information to credit reference agencies. And, I've seen nothing to suggest that what its reporting is incorrect. So I'm not going to ask it to take any further action in this regard.

Since the complaint was referred to our Service, TMB has agreed to extend Mr M's mortgage term until June 2026 due to the cladding issues across all accounts. I think this is fair and reasonable in the circumstances. This gives Mr M a year breathing space to have the cladding issues sorted, and to sell the property. I'd remind TMB that it should work with Mr M and treat him fairly and reasonably if the work isn't able to be completed in this time frame, or if Mr M is unable to sell the property.

Whilst I understand Mr M feels strongly about this matter, I'm satisfied that what TMB is

proposing to resolve this complaint is fair. And I'm not going to ask it to do anything further. If Mr M wishes to explore further options about reducing his payments or arrears, he should contact TMB directly.

Putting things right

To put things right, The Mortgage Business Plc trading as TMB must:

- Pay Mr M £100 compensation for the distress and inconvenience caused by mistakenly agreeing to a mortgage term extension.
- Formally extend all parts of Mr M's mortgage until the end of June 2026.

My final decision

I uphold this complaint and direct The Mortgage Business Plc trading as TMB to put matters right as set out above.

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

Rob Deadman
Ombudsman