

The complaint

Mr and Mrs M complain that Bank of Scotland plc trading as Birmingham Midshires Mortgages ("BM") won't extend the term of their interest-only Buy To Let ("BTL") mortgage. Mr M said BM wrote to say it would talk about options, but then said they must pay in full.

What happened

Whilst this complaint is brought by both Mr and Mrs M, as the mortgage is in both their names, our dealings have been with Mr M. So I'll mainly refer to him in this decision.

Mr M said his interest-only BTL mortgage with BM had reached the end of its term. He needed to raise funds to pay off the mortgage, so he'd been trying to sell the property, but had no success, although he'd reduced the price considerably. Mr M said that he'd kept in touch with BM throughout this period.

Mr M said that BM had written to him a number of times, inviting him to discuss the problems he was having with payment, but he said that BM wouldn't extend the mortgage term. It wouldn't accept a higher monthly payment as a compromise, or allow him to take out a different mortgage. All it would accept was full and final settlement of the mortgage debt.

Mr M said the property market was very slow at the moment. And he didn't want to remortgage elsewhere, because he thought he'd have to pay a large early repayment charge, perhaps tens of thousands, when the house then sold.

Mr M said BM had told him he had six months to appeal its decision to our service, but it was still sending him threatening letters. Mr M was upset that there had been no understanding or compromise. He wanted us to look into things.

BM said Mr M's mortgage term expired in May 2023. So it was expecting the outstanding balance, which was over £500,000, to be repaid then. Its End of Term team had spoken to Mr M, and had checked if BM could extend his mortgage. But this was a BTL mortgage, not a mortgage on Mr M's home. So BM said it carried out a risk-based lending assessment, and unfortunately decided it couldn't extend Mr M's term. BM said it doesn't have to do that.

BM said it had put in place a grace period of a full year to allow Mr M to sell the property, but this had expired some time ago. Mr M had kept in touch about his efforts to sell the property, and BM had taken this into account. But those efforts still hadn't been successful, and BM said it couldn't wait indefinitely. It wouldn't allow any more holds on the account unless Mr M had accepted an offer and a sale was going through. And as that hadn't happened, it would now continue to follow through its legal process.

Mr M then updated us to say that BM had instructed receivers to take over the management of his property. He said he was happy to extend the term, take out a new mortgage product, pay more per month or be allowed time to sell. He said he understood that our service wouldn't be able to add the issues about a referral to receivers to his current complaint,

because he hadn't yet complained to BM about that. But he wanted us to know this had happened.

Our investigator didn't think this complaint should be upheld. She said that under the terms of the mortgage, BM is entitled to be repaid by the end of the agreed term at the latest. BM had been in touch before the term expired, and had suggested Mr M take independent financial advice about his available options. She said BM wasn't obliged to offer a term extension. And it was usual for a repayment strategy to be put in place before the end of the term of an interest only mortgage.

Our investigator said she understood why Mr M didn't want to remortgage elsewhere, but she said it wasn't unfair for BM to start recovery action in these circumstances. She felt BM had allowed time to sell the property. So she wouldn't ask it to do anything else now.

Mr M replied to disagree. He wanted us to see the letters he had received from BM with offers of help and options that he said appeared to be disingenuous. He said although BM repeatedly wrote saying options were available, none were, and he was just told he had to pay off the mortgage. He said he was still taking active steps to sell the property, and if that didn't work he was going to remortgage. But he still wanted us to tell BM to just allow him a little more time.

Because no agreement was reached, this case was then referred to me for 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.

I've reached the same overall conclusion on this complaint as our investigator. I'm sorry to have to tell Mr M that I don't think this complaint should be upheld.

Mr M has asked BM if it will extend his mortgage, and it's taken a business decision not to do that. I know Mr M has concerns about his treatment by BM, which I understand he feels is deeply unsympathetic. But it's important to remember that when Mr M took out this BTL mortgage, he wasn't borrowing to buy his home.

This is lending for what are essentially Mr M's business purposes, and I understand the property remains rented out. That means BM wouldn't offer the same level of support and forbearance at the end of this mortgage term as might be expected if this were Mr M's home. And I'm sorry to have to tell Mr M that I don't think that is unfair or unreasonable. So I don't think BM has to extend the term of this mortgage, or offer different borrowing. I appreciate that the property market may be difficult at the moment, but as Mr M is now more than two years over the original term of his mortgage, I don't think it would be fair or reasonable to ask BM to pause its legal action now, either to give Mr M more time to sell or more time to remortgage.

Mr M also said every time BM writes to him, it's offering to talk things through, then when he does speak to it, it just asks him to pay the money back. I understand why Mr M has found that frustrating. But I don't think this complaint should be upheld solely because of that.

I know Mr M will be disappointed, but I don't think this complaint should be upheld.

My final decision

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs M and Mr M to accept or reject my decision before 7 July 2025.

Esther Absalom-Gough

Ombudsman