

## **The complaint**

Ms N gives several reasons why she feels she's been treated unfairly by Lloyds Bank Plc in its handling of her buy-to-let mortgage. Ultimately Ms N complains that Lloyds has incorrectly reported arrears on her account. As a result, this has impacted her ability to obtain a new interest rate deal on her mortgage causing lasting financial difficulty and she's unhappy with the lack of support she says she's received from Lloyds.

## **What happened**

In 2002 Ms N took a buy-to-let mortgage with Lloyds Bank Plc (then Cheltenham and Gloucester). She borrowed around £962,000 (inclusive of fees) to be repaid on interest only terms over 20 years.

Ms N's mortgage was agreed on a rate that tracked 0.13% above the Bank of England base rate until 31 December 2009. After which the mortgage would revert to the Cheltenham and Gloucester (and later Lloyds) standard variable rate. Ms N also owned another property mortgaged through a different lender.

Over the years Ms N's financial circumstances changed. This was due to several different reasons. Some being quite personal and sensitive private matters that I won't expand on here, to maintain her anonymity when this decision is published. Ms N has also explained that there was a period when both her properties were uninhabitable due to ongoing construction work and water damage. This took a financial toll on Ms N as she was making the mortgage payments and paying maintenance costs for two properties – in the absence of any rental income over several years.

Ms N maintained her mortgage payments over the years until April 2020 when she called Lloyds to say that her income had been impacted as a result of the Covid-19 pandemic.

In response to the Covid-19 pandemic, the Financial Conduct Authority (FCA) released specific guidance for mortgage lenders – including allowing customers to defer up to a maximum of six-monthly mortgage payments.

Ms N made a partial payment of £500 in April 2020 and a payment deferral was agreed from May to July 2020. A further three-month payment deferral was agreed from August to October 2020. No payment was made to the mortgage in November 2020, but then payments resumed from December 2020. Ms N made her full contractual monthly payments ("CMP") thereafter, except for May 2022 when no payment was received – taking Ms N's arrears balance to £5,099.97 at that time.

In March 2023 Ms N called Lloyds to discuss her mortgage. She said the payments had become unaffordable for her and she wanted to know what her options were for making her mortgage more affordable over the next four years remaining on the term, after which time it would be very likely that she would need to sell the property.

Lloyds said that because the account was in arrears, Ms N would need to complete an income and expenditure budget so it could understand her circumstances before it could discuss possible support options – including possibly switching to a new interest rate deal.

Miss N was unhappy about this as she disputed the arrears. She said she hadn't missed any payments towards her mortgage. Instead, she says Lloyds made mistakes when setting up her payment deferrals in 2020 and it had incorrectly reported arrears as a result. Ms N also said that she'd received no correspondence about her mortgage including the arrears on her account. She told Lloyds that she had moved into her mortgaged property and during the call Lloyds changed her correspondence address to reflect that, so that future correspondence would be sent to the correct address. The agent offered to raise a complaint about the arrears so that these could be investigated before deciding how to best support Ms N moving forward.

Lloyds answered the complaint on 31 March 2023 and didn't uphold it. It said that the arrears on the account were correct and for that reason it is required to do a financial assessment before it can discuss possible options to help make the mortgage more affordable for Ms N. Lloyds also said that it had been correctly writing to Ms N at her registered correspondence address – Ms N had not informed Lloyds that she had moved into the mortgaged buy-to-let property until now. So, it said can't be held responsible for her not receiving important information about her mortgage.

Ms N called Lloyds again in January 2024 to discuss her account. She said she hadn't got anywhere with her previous complaint. She was still disputing the arrears on her account. Ms N was also unhappy that she was unfairly paying a high interest rate on her mortgage and that Lloyds had previously refused to offer any support – including a new interest rate.

Lloyds explained that it does not offer a rate switch when arrears are present on a buy-to-let mortgage. Ms N said she told Lloyds in March 2023 that she was living in the mortgaged property so it should now be classed as a residential mortgage and not a buy-to-let. Lloyds explained that changing the occupancy of the property doesn't automatically change the mortgage type. Lloyds said that to switch the mortgage type, Ms N would need to speak to a mortgage advisor and in order to consider possible support options, including capitalising the arrears, a financial assessment would need to be done. Ms N said that she felt too unwell to complete an income and expenditure assessment at this time and she'd call back at another time.

A complaint was raised which Lloyds answered on 7 February 2024. Lloyds said that it had already considered Ms N's complaint about the arrears on her account so it wouldn't revisit this point again. The rest of Ms N's complaint about the new issues raised wasn't upheld.

Both letters sent to Ms N on 31 March 2023 and 7 February 2024 made it clear that these were Lloyds' final responses to the complaints raised. It was also clear that Ms N had six months from the date on each of the letters to refer her complaint to the Financial Ombudsman Service, and that Lloyds wouldn't give its consent to our service looking into the matter if she didn't do so within that timeframe.

Ms N brought her complaint to the Financial Ombudsman Service on 1 July 2024. An investigator at our service looked into things and explained that Ms N's complaint that was answered by Lloyds on 31 March 2023 had been brought outside of the relevant time limits. But she established that in addition to the complaints made about the arrears and the support options available, Ms N had also complained about the unfair relationship that had arisen between her and Lloyds as a result of the impact that these issues have had on her.

The investigator thought we would be able to consider the second complaint about an unfair relationship caused by the arrears and the options available to Ms N. The investigator also said that we could consider Ms N's other complaint issues that Lloyds answered in its final response letter dated 7 February 2024 as these had been brought to our service in time – within six months of the letter being issued.

The investigator looked at the complaint and said she wasn't persuaded that Lloyds had incorrectly reported arrears on Ms N's account or that it had unfairly refused to offer her support options to help reduce her mortgage payments. So, she didn't think that either of these issues led to any ongoing unfairness. The other complaint issues were considered and not upheld by our investigator.

Lloyds agreed with the investigator's findings, Ms N didn't and asked for her case to be decided by an ombudsman. The case was passed to me to decide. I issued a provision decision in which I said:

*"I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.*

*I've summarised this complaint in less detail than it's been presented to our service. I mean no discourtesy by doing so and whilst I've given careful consideration to all the submissions made by both parties, I won't address each and every point that has been raised. I'll focus on the matters that I consider most relevant to how I've reached a fair outcome – in keeping with the informal nature of our service.*

*I think it's important to note that Ms N has given several reasons why she's unhappy with the service she's received from Lloyds. This includes concerns raised about events that have happened after Ms N brought her complaint to our service in July 2024. I must make it clear that my decision will focus solely on things that happened leading up to when this complaint was made. Anything that has happened since then would need to be the subject of a new complaint.*

*I will address each of Ms N's concerns in turn.*

*The complaint about the unfairness of the relationship as a result of the arrears on the account and how Lloyds communicated with Ms N about this.*

*Lloyds has said that arrears have accrued on Ms N's account as a result of a partial payment made in April 2020 and the missed payments in November 2020 and May 2022. Ms N disputes this as she says that a Covid-19 payment deferral was in place in 2020 and she has no knowledge of a missed payment in May 2022. She says that at that time she had sold her other property and so had more than enough funds in her bank account for the payment to be taken by direct debit.*

*What happened in 2020?*

*In April Ms N called Lloyds to explain that she was experiencing some financial difficulty. She had arranged a three-month Covid-19 payment deferral to run from May to July, but she wanted to make April's payment manually. Lloyds explained that Ms N could choose to make a partial payment if that was more affordable for her. Ms N was clear that she didn't want any adverse information reported on her credit file. Ms N was considering making a partial payment of £500, against her CMP of £1,802.52. Lloyds explained that because the arrears would total less than one month's CMP this would unlikely be reported to the credit reference agencies. Ms N said that this would really help her in the circumstances, so she proceeded to make a payment of £500. This led to her account*

*entering arrears of £1,302.52. The payment deferral was in place between May and July where it was agreed no payment would be made to the account during this period.*

*In Mid-August, once the payment deferral period had ended, Ms N called Lloyds again. The agent explained that Ms N could apply for a further three-month payment deferral period if her circumstances hadn't improved. The agent said he could backdate August's payment deferral and Ms N could apply online for September and October. He said by doing so only the arrears from April pre-dating the payment deferral would be reported to the credit reference agencies. This understandably caused Ms N some worry, as she was told in the previous call that it's unlikely that April's partial payment would be reported. Concerned by this Ms N said she wanted to clear April's arrears to avoid the ongoing adverse information from being reported. Later in the call the agent corrected himself and he said that because April's arrears equate to less than one month's CMP he's unsure how this data would be reported. Ms N was offered the option of paying a partial amount if that was a more affordable option for her. Ms N agreed to pay £200 to help reduced the arrears balance from April, after which her arrears balance stood at £1,102.*

*In November Ms N called Lloyds again at the time she thought her payment deferral had ended. Lloyds said that whilst a backdated payment deferral had been agreed for August, the notes suggest that Ms N was going to apply herself online for the months of September and October. Because she didn't do that, the payments for September and October were reported as missed. Lloyds said that it would backdate those months for her but because November's CMP of £1,693.54 hadn't been made, the total arrears balance now stood at £2,796.06. Ms N accepted this information as she knew that April and November's payments hadn't been made in full. Ms N promised to make a payment to bring her account in credit, but this didn't happen.*

*In December Ms N called Lloyds to check that her recent direct debit instruction had been properly set up. Lloyds confirmed that it had been and that the first payment on 2 December had been successfully taken. Ms N asked what her arrears balance was. She was given the same figure from November – that being £2,796.06. Ms N questioned the mix up with her payment deferral arrangements. After placing Ms N on hold to review the account, the agent confirmed that as there was a backdated payment deferral, Miss N's credit file should not be impacted as a result. The agent said she'd arrange for a letter to be sent to Miss N to confirm this. Having listened to this call I can understand why Ms N left the call thinking that no arrears would be reported to her credit file moving forward.*

*In response to the Covid-19 pandemic, the FCA released specific guidance for mortgage lenders – including allowing customers to defer up to a maximum of six-monthly mortgage payments. Once the arrangements were properly in place, Ms N's payments between May to October 2020 inclusive were deferred. So, any payment shortfall outside of that period would be classed as arrears.*

*As I've explained, Ms N made a partial payment in April and no payment was made in November 2020, so by this point her account was in arrears of £2,796.06. I've looked at how this data was reported to the credit reference agencies, and I can see that arrears were reported from November because by this point the arrears balance exceeded one month's CMP. So, I'm satisfied that the arrears in 2020 were correct and reported accurately to the credit reference agencies.*

*That said, I do think that Ms N was given unclear and misleading information during some of the calls she had with Lloyds.*

*Firstly, it's unclear to me why Ms N's payment deferral period wasn't brought forward from May to April when she told Lloyds that she couldn't afford to make the CMP in April. That would have meant that her six month's deferral period would end sooner in September rather than October. It's unclear to me whether Ms N would have been able to make her CMP in October considering she wasn't able to make a payment in November. But either way, even if the payment deferral was brought forward, once the payment was missed in November and the arrears exceeded one month's CMP, arrears would have been reported in the same way they've been now. So, I can't say there has been any detriment caused as a result of Lloyds not starting the payment deferral sooner.*

*Secondly, as I've pointed out already, I do think Lloyds could have given Ms N clearer information in her second call in August 2020 which would have prevented the unnecessary worry and concern that she experienced.*

*Lastly and most critically, I find that Ms N was given unclear and misleading information in December which led her to leaving the call thinking that no arrears were being reported on her credit file. Ms N says that had she known about these arrears sooner she would have made payment to clear them to prevent the adverse information being recorded for so long.*

*I have considered that Ms N was given the correct information in the November call, and she promised to make a payment that she didn't go on to make, perhaps arguably suggesting that she didn't have the available funds. But I can see why to Ms N she may have felt that the information she got in December superseded the information she received in November.*

*Having said all that, I can see that Lloyds wrote to Ms N at her registered correspondence address to notify her of the arrears on her account. I've seen copies of the letters that were sent to Ms N throughout 2020 informing her of the arrears on the account and the consequences. Ms N says that she informed Lloyds in 2020 that she had moved back into her mortgaged property so Lloyds ought to have changed her correspondence address and written to her at the mortgaged property. Because it didn't, she says that she hasn't received any communication about the arrears. I've considered whether Lloyds communicated with Ms N about her arrears in a fair and reasonable way.*

*Since 2020 Ms N has, during several calls to Lloyds, explained that her living arrangements had been disrupted as a result of her intentions to sell one or both of her properties. She also said that whilst she had planned to move into the mortgaged property, she had to on occasion move out due to reoccurring water damage. It appears that at various times, Ms N was living between her mortgaged property, her other property and rented accommodation. During the call that took place in November 2020, Ms N confirmed that she was living in her other property, not her mortgaged property with Lloyds. And that the other property remained her correspondence address. So, from having listened to the calls that took place in 2020, I've not heard Ms N ask Lloyds to change her correspondence address to the mortgage property at any time.*

*Ms N says that she sold her other property in May 2022. From reviewing the contact notes Lloyds has provided, I've not seen anything to suggest that following the sale, Ms N changed her correspondence address to the mortgaged property at that time either. So, Lloyds continued to write to her at the registered correspondence address.*

*It wasn't until March 2023 that Ms N asked Lloyds to change her correspondence address to the mortgaged property. From that point onwards Lloyds has used this address to correspond with Ms N – including sending the final response letters to the complaints to this address.*

*So having taken everything into account I don't think Lloyds acted unfairly when it wrote to Ms N at the address it had registered for her. So, I can't reasonably hold Lloyds responsible for Ms N not receiving the arrears letters that it sent. It therefore follows that I'm not persuaded Lloyds has acted unfairly in relation to this part of Ms N's complaint and I don't think its actions led to an unfair relationship.*

*For the reasons I've explained, I'm satisfied that the arrears on Ms N's account in 2020 are correct. That said I do acknowledge that Ms N was given what I consider to be unclear and misleading information during her calls with Lloyds. And I appreciate that the information given to Ms N during some of these calls may have caused some confusion, particularly in December when she was led to believe that no arrears would be reported on her credit file.*

*That said, I can't reasonably determine that Lloyds' actions have led to an ongoing unfair relationship, I'll explain why.*

*Whilst some of the information Ms N received on the phone wasn't always clear. Lloyds did write to Ms N to inform her about the arrears on her account and the potential consequences. Had Ms N kept her correspondence address properly updated with Lloyds – as she had an obligation to do – she would have been in receipt of the arrears' letters and aware of her account position. Ms N says that as a result of not receiving Lloyds' letters she's been unable to query the arrears sooner and make arrangements for them to be repaid. As I've explained it's not Lloyds' fault that Ms N didn't receive the letters that it sent to her and so it follows that I can't reasonably hold Lloyds responsible for the impact Ms N has described as a result of the ongoing adverse data reporting.*

*It's also important to note that even if Lloyds had been clearer about the arrears on the account in 2020, I'm not persuaded the situation would have been any different. I say this because Ms N has been aware of the correct position about the arrears on her account (outside of the agreed payment deferrals) from at least March 2023, when Lloyds answered her complaint about this issue. Since then, no attempt has been made to repay the arrears and to date the arrears balance has increased instead of being reduced. And so I'm not persuaded that with the right information sooner, Ms N was in a position to repay the arrears and so the outstanding arrears would still be reported to the credit reference agencies in the way they have been.*

*What happened in 2022?*

*On 3 May Lloyds tried to take the monthly payment of £2,303.91 due by direct debit from Ms N's nominated bank account. The direct debit was returned as unpaid by Ms N's bank. Lloyds wrote to Ms N the next day to inform her that it was unable to take her scheduled payment by direct debit and that it would take payment again in two weeks.*

*Lloyds subsequently tried to take payment again by direct debit from Ms N's account on 17 May, but that payment was also returned as unpaid by Ms N's bank. As May's payment wasn't made Ms N's arrears balance increased to £5,099.97. The subsequent direct payments thereafter were successful.*

*Whilst Lloyds hasn't been able to provide copies of the letters it sent to Ms N, it has provided templates of what are standard generated letter sent to customers following a failed direct debit. I've also seen an audit history that shows these letters were sent to Ms N at her registered correspondence address.*

*Lloyds has also provided copies of several letters it sent to Ms N in May and June about the overdue arrears balance, asking her to get in touch so they could discuss a way forward to get the account back on track. These letters were addressed to Ms N's registered correspondence address and from what I can see, correctly sent. So from what I've seen, I'm satisfied that Lloyds made reasonable attempts to notify Miss N of the unpaid direct debit and the arrears on her account. I think it's also likely that Miss N's bank would've made her aware that the direct debit had failed to collect too. In addition, I also need to bear in mind that even if Ms N didn't receive these letters, she would have been able to see from her bank statements that the payment hadn't successfully left her account, but she didn't follow that up with Lloyds.*

*Ms N disputes that the funds were returned because of any fault of her own. She says that she had sufficient funds in her bank account for the payment to be made. That's not something I can hold Lloyds responsible for and that's something Miss N will need to take up with her bank.*

*So, as with the arrears in 2020, I'm satisfied that Lloyds wrote to Ms N to notify her of the missed payment in May 2022. I don't think Lloyds acted unfairly when it wrote to Ms N at the address it had registered for her. So, I can't reasonably hold Lloyds responsible for Ms N not receiving the arrears letters that it sent. And it therefore follows that I'm not persuaded Lloyds has acted unfairly in relation to this part of Ms N's complaint and I don't think its actions led to an unfair relationship.*

*The complaint about the unfairness of the relationship as a result of the process for support options.*

*Miss N called Lloyds on two separate occasions to discuss her difficulty maintaining her mortgage payments. Once in March 2023 and again in January 2024.*

*Although Lloyds is required to treat customers fairly, commercial loans (which include buy-to-let mortgages) do not have the same regulatory framework as residential mortgages. Therefore, the rules on what lenders are required to do to help residential mortgage customers in financial difficulty do not apply to buy-to-let mortgages. Notwithstanding this, Lloyds is still required to treat Ms N fairly and sympathetically.*

*During the call in March 2023, it was explained that because the account was in arrears, the policy for buy-to-let mortgages did not allow for a rate switch in these circumstances. Miss N disputed the arrears and so a complaint was logged so that the origin of the arrears could be investigated further. Ms N was also informed that before possible support options could be explored, she'd need to complete an income and expenditure budget so that Lloyds could understand her financial circumstances to decide how it could best support her.*

*Ms N was disappointed that Lloyds couldn't help her during this call, and I can understand her frustration when she was unable to obtain further information about the arrears during the call without her query being escalated to the complaints team first. And I agree that was information that Lloyds should have been able to explain to her on the phone without the need to log a complaint in the first instance.*

*That said, whilst I find that the agent could have given Ms N better information about the arrears during the call, I think even if he'd have done so, the outcome of the call would have likely been the same. Lloyds has since investigated the arrears and has confirmed them to be correct – something that Ms N still challenges. So, even if the agent was able to explain the origin of the arrears during the call, it's likely Ms N would have still expected*

*a complaint to be raised about this and a further investigation carried out before she moved forward with an income and expenditure assessment.*

*Following the resolution of her complaint on 31 March 2023, several unsuccessful attempts were made to reach Ms N by letter (at the newly registered correspondence address) and by phone – to discuss the arrears on her account.*

*Ms N contacted Lloyds again in January 2024. A similar conversation took place in which Ms N was challenging the arrears on her account and asking for an interest rate deal on her mortgage. The agent reiterated that being a buy-to-let mortgage, Lloyds couldn't offer new fixed interest rate whilst the account was in arrears.*

*Ms N also asked about having the arrears capitalised. Capitalisation means the arrears will be added to the main balance and included when calculating the new contractual monthly payments. The account will no longer show as being in arrears and the customer's credit file is updated to reflect that. The agent said that Miss N met the basic criteria for capitalisation – having made six consecutive CMP's. But before it could agree to capitalising the arrears it would need to carry out an income and expenditure assessment. This is common practice and not something I consider to be unreasonable in the circumstances. I say this because Lloyds has a duty to ensure that the new payments would be affordable for Ms N, otherwise they might be lending irresponsibly, and the account may fall straight back into arrears.*

*Ms N said that she felt too unwell to complete an income and expenditure assessment at this time and she'd call back at another time. The agent gave Ms N the direct number for the team she'd need to call to proceed with her application at a time that suited her.*

*Having looked at the contact notes provided by Lloyds; no further calls were made by Ms N before bringing her complaint to our service in July 2024. As a result, Ms N's request for her arrears to be capitalised went no further and as a result she has remained on Lloyds' standard variable rate to date.*

*I note that Ms N believes that in 2020 she switched her product to a lifetime tracker, but that's not the case. I can see that in 2020 at around the time that Ms N asked for the payment deferral, her payments changed. This was due to a change in Lloyds' standard variable rate. This is different to a product switch.*

*In 2002 Ms N's mortgage was agreed on a rate that tracked 0.13% above the Bank of England base rate until 31 December 2009. Since then, the account has reverted to Cheltenham and Gloucester and then subsequently Lloyds' standard variable rate.*

*So having considered everything, because I've not seen that Ms N pursued her enquiry about capitalising her arrears, which would have allowed her to obtain a new interest rate on her mortgage, I can't reasonably hold Lloyds responsible for her remaining on the standard variable rate to date. And so it follows that I'm not persuaded Lloyds has acted unfairly in relation to this part of Ms N's complaint and I don't think its actions led to an unfair relationship.*

*As part of her complaint, Ms N says that she's not received any correspondence about her mortgage including information about the deal that she's on and the terms and conditions of her mortgage. As I've explained, Ms N hasn't changed her mortgage deal since the inception of the mortgage. Details about her mortgage were included in her mortgage offer issued to her in 2002, at which time she was also likely provided a copy of the mortgage terms and conditions. For her benefit, I've arranged for a copy of these documents to be sent to her by our investigator.*



*Over the years any important information relating to the mortgage including annual statements, arrears notices and information about changes to payment amounts would be sent to the correspondence address held on file by Lloyds. For the same reasons why Ms N likely didn't receive the arrears notices sent to her, it's likely she didn't receive the other important information relevant to her account either. Again, that's not something I can reasonably hold Lloyds responsible for, as until March 2023 when Ms N notified it of her change of correspondence address, Lloyds was writing to her as the address it held on file – which is all it was reasonably expected to do in the circumstances.*

*The complaint about having to complete an application to switch to a residential mortgage.*

*Ms N has complained that despite living in the property she has been charged a higher buy-to-let interest rate. She says that when she informed Lloyds in March 2023 of her change in residency to the mortgaged property, Lloyds should have changed her to a residential mortgage at that time.*

*Lloyds has explained to Ms N that just because she's living in the mortgaged property, she isn't automatically eligible for interest rates available on residential mortgages. Lloyds explained that it must take Ms N through an application with a mortgage advisor to change her mortgage to a residential one first, before it can offer her interest rates from that range.*

*That's not unreasonable, I'll explain why. A request to change a mortgage from an unregulated buy-to-let mortgage to a regulated residential mortgage is considered a contractual change to the mortgage terms. In such circumstances, a full application is required including an affordability assessment to ensure Ms N meets the criteria before agreeing to end the existing mortgage contract to replace it with a new one. It's not as simple as just changing the mortgage type.*

*Again, after receiving this information in January 2024, I've not seen that Ms N has made any attempts to arrange an appointment with a mortgage advisor in the way explained to her by the agent at the time. And so I can't hold Lloyds responsible for an application for a switch to a residential mortgage not taking place.*

*Conclusion*

*Whilst I fully empathise with Ms N's circumstances and everything she's been through, for the reasons I've explained I don't think Lloyds has acted unfairly considering the full circumstances of this case. Nor do I conclude that Lloyds' actions have led to an unfair relationship.*

*Ms N may wish to contact Lloyds to discuss her current circumstances further to see what options, if any, are available in the circumstances to help make her mortgage more affordable for her over its remaining term. Unfortunately, it does appear that Ms N's arrears balance has since increased and it's important to manage her expectations by letting her know that this may impact the options available to her now. But nevertheless, I still encourage her to speak to Lloyds about her circumstances so they can, between them, agree a way forward to addressing the arrears on the account. I can also see that our investigator has also signposted Ms N to organisations who can provide free advice and support.*

### My provisional decision

*For the reasons I've explained, my provisional decision is that I don't uphold Ms N's complaint against Lloyds Bank PLC."*

The deadline for both parties to respond to my provisional decision has now passed. Both parties responded to my provisional decision. Lloyds accepted my provisional findings, and it said it had nothing further to add. Ms N didn't agree. She has provided further comments over the phone with our Service and by email. Ms N asked for more time to provide any final submissions. An extension of the deadline was given until 20 May 2025, but we've received no further information from Ms N. As such, I've proceeded to issue my final decision on this complaint.

In response to my provisional decision, Ms N has reiterated the reasons why she's unhappy with the service she's received from Lloyds, namely that:

- She had no knowledge over the years that she was on a 'floating' interest rate since 2010. Had she known about this she would have taken steps to obtain a new interest rate sooner.
- She was not offered the opportunity to speak to a mortgage advisor to discuss the options available to her until early this year. Lloyds had no process in place prior to this whereby someone qualified could advise on a buy-to-let mortgage.
- She says that Lloyds has done nothing to offer support since 2020 and at the very least she should have been offered support in 2023 when she first made contact to say that she had difficulty affording her mortgage payments.

### **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.

Ms N has provided detailed submissions throughout her complaint. I do appreciate how much this complaint means to her, and I do thank her for all her time spent engaging with our Service. Although I've read and considered the whole file, I'll keep my comments to what I think is relevant. If I don't comment on any specific point, it's not because I've not considered it but because I don't think I need to comment on it in order to reach the right outcome.

I do not underestimate the severity of Ms N's circumstances. I've carefully considered everything she has told us, but for reasons I've explained, to protect her anonymity I've not disclosed details in my decision. I'd also like to say how sorry I am to hear about the recent news of her mother's health.

Having listened to Ms N's recent call with our Service and from the recent emails she has sent in response to my provisional decision, I note that Ms N hasn't made any new arguments, or provided any new evidence, that I've not already considered when reaching my provisional decision. So, I see no reason to depart from what I provisionally decided.

It's important to mention again that my decision focuses solely on events complained of that have been addressed in the final response letters issued by Lloyds on 31 March 2023 and 7 February 2024. Any new complaint points including concerns about events that have happened since then would need to be the subject of a new complaint.

I've summarised the key facts of this complaint and my key findings below.

Ms N received a copy of her mortgage offer which she signed on 27 February 2008. So, I'm satisfied she knew from the outset how her account operated and that after the 31 December 2009 her mortgage would revert to the standard variable rate.

As I've explained, over the years any important information relating to the mortgage including annual statements, arrears notices and information about changes to payment amounts would be sent to the correspondence address held on file by Lloyds. It wasn't until March 2023 that Ms N notified Lloyds of the change to her correspondence address. So I can't reasonably hold Lloyds responsible for Ms N not receiving important information about her mortgage in the lead up.

In the context of the complaint made, I've only looked at events from 2020 onwards. I can't comment on whether Ms N was unfairly refused a new interest rate prior to 2020 as that doesn't form part of this complaint.

The earliest I've seen Ms N ask for a new interest rate was March 2023. By that point her account was £5,099.97 in arrears. For reasons I've explained, I'm satisfied Lloyds has correctly reported the arrears on Ms N's account up until this point.

Lloyds has explained that while it would normally be able to consider a new rate, this is complicated by the mortgage being buy-to-Let and Ms N now living in the property. This is a breach of the terms of a buy-to-Let mortgage. In addition, because the account was in arrears, Lloyds would need to assess Ms N's affordability before it could explore her options.

In January 2024 Lloyds offered Ms N the opportunity to speak to a mortgage advisor to explore options such as capitalising her arrears and possibly switching her mortgage from a buy-to-let to a residential mortgage. It's important to note that an application for a residential mortgage would need to meet Lloyds' criteria and Ms N passing affordability checks.

Ms N said she'd call back to explore these options, but I can't see that she did so until much later – not at least until after her complaint was brought to our Service in July 2024. That's not something I can reasonably hold Lloyds responsible for.

I understand that from Ms N's perspective, she says that she should have been given these options in March 2023 when she told Lloyds that she was living in the mortgaged property and that she was looking for options to make her mortgage more affordable, including obtaining a new interest rate.

However, I'm not persuaded that would have made much difference here. Even when these options were presented to Ms N in January 2024, she did not follow up by making an appointment to speak to a mortgage advisor. This could have been arranged by speaking to any front-line staff. The agent Ms N spoke to at the time also gave her the direct number for the team she'd need to call to proceed with her application at a time that suited her.

In addition, in March 2023 Lloyds did offer Ms N support but it explained it would need to first assess her income and expenditure before it could explore suitable options, something Ms N wasn't willing to do at the time. Ms N made no further contact until January 2024.

It appears from what Ms N has told us that she has recently made contact with Lloyds to discuss her account. It's unclear what the outcome of these discussions are, but in any event, this falls outside the remit of my decision for reasons I've already explained.

Whilst I appreciate my decision will be disappointing for Ms N, for reasons I've explained I don't think Lloyds has acted unfairly considering the full circumstances of this case. Nor do I conclude that Lloyds' actions have led to an unfair relationship.

I do encourage Lloyds and Ms N to keep working together to help get the mortgage back on track.

This final decision concludes the Financial Ombudsman Service's review of this complaint. This means that we are unable to consider the complaint any further, nor enter into any correspondence about the merits of it.

### **My final decision**

My final decision is that I don't uphold Ms N's complaint against Lloyds Bank PLC.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms N to accept or reject my decision before 19 June 2025.

Arazu Eid  
**Ombudsman**