

## The complaint

Mr R's complaint is about a second charge secured loan he has with Elderbridge Limited. He is unhappy with the balance of the loan, which means that he is going to have to make payments beyond the end of the term. Essentially, Mr R thinks that he has paid more than enough to the loan, and he should not be expected to continue to make payments. He has also raised concern that Elderbridge is the fourth lender that has owned his loan and *'things haven't got any better'*.

Mr R is represented in his complaint, but for ease, I will refer to all comments and submissions as his.

## What happened

Following advice from an independent broker, Mr R took out his loan with GE Money in 2004. The loan was for £11,000, plus the premium for an insurance policy, totalling £12,650, over a term of 25 years. The interest rate was variable and 9.9% per annum at the time of the sale.

Mr R experienced some periods of financial difficulties and missed payments to the loan. The account was in arrears between the middle of 2005 and the autumn of 2009, between the end of 2011 and the summer of 2016, and again between the autumn of 2020 and the summer of 2022. These periods of arrears meant that the overall loan balance was higher than it should have been, and so more interest than had initially been anticipated was added to the balance. In addition, charges and fees were added, due to the arrears situation and the additional administration needed to manage the account.

In July 2016 the loan was transferred to Arrow Global. Arrow Global didn't manage the mortgage directly – it appointed a third-party business that specialises in mortgage administration. When the ownership of the mortgage was transferred to Elderbridge in November 2022, it decided to leave the administration of the mortgage with the third-party administrator.

Mr R has raised a number of complaints with Arrow Global and Elderbridge. Mr R referred two complaints to this Service in 2021 and 2022. During those complaints, it was explained to Mr R that when Arrow Global had bought the loan from GE Money, the liability for what GE Money had done and the decisions it had made, did not transfer to Arrow Global. The 2021 complaint Mr R referred to us was about the outstanding balance of the loan being too high, along with the length of time he would have to continue making payments. The Investigator who considered the complaint upheld it. They recommended that the interest rate be reduced to zero, and no charges or fees be applied, from December 2017. Both parties accepted the proposal and Arrow Global settled the complaint in June 2022. The loan balance reduced by around £8,000.

Following this Arrow Global was aware that the payments Mr R was making each month would not be enough to repay the loan by the end of the term – he needed to pay around £70 more each month. However, it didn't tell Mr R this was the case until November 2022, by

which time he needed to pay even more each month. Communications thereafter about how much and how long Mr R needed to pay were not as clear as they could have been.

In 2024 Mr R again complained to Elderbridge about the balance of the loan, and that it was not going to be repaid within the term.

Elderbridge responded to the complaint in a letter of 30 October 2024. It confirmed that the term documented in the letter referred to by Mr R was that agreed to at the time of the sale – 300 months from 2004, being September 2029. However, it clarified that due to the arrears over the term to date, the balance of the loan was higher than it should have been and so there would be an outstanding balance at the end of the term, which would have to be paid. Elderbridge acknowledged that its member of staff didn't explain this to Mr R when he called on 19 April 2023 and so it upheld the complaint – it paid him £30 compensation for any upset or inconvenience the mistake had caused him.

In relation to the transfer of the loan between lenders, Elderbridge explained that this was allowed for in the terms and conditions. It also highlighted that the terms and conditions had not changed when the loan had been transferred. As for the amount Mr R had paid towards the loan, Elderbridge explained that this was because of the arrears and the additional interest that this situation had accrued.

Mr R was not satisfied with the response he received and referred his complaint to this Service. He said that he feels that he was taken advantage of because he can't read or write English. He highlighted that he had been making payments for many years and said that he can't afford to continue making payments to the loan for another 20 years.

One of our Investigators considered the complaint. She explained that we would not be considering matters concerning Mr R's credit file, as he had not raised them with Elderbridge first. The Investigator concluded that no unfair relationship had been created by the transfer of the loan between lenders and Elderbridge had not acted unfairly toward Mr R in this respect.

The Investigator was also satisfied that the previous complaint about the outstanding balance and term of the loan had addressed any unfairness between Mr R and the lenders up to June 2022, and so we would not reconsider the issue for that period. However, following from that, the Investigator noted that Elderbridge had known on 15 July 2022 that the amount Mr R was paying wouldn't repay the loan by the end of the term, but it had not informed him that was the case until November 2022. However, she also concluded that this delay didn't impact Mr R's situation as he had not been in a position to commit to paying more each month.

The Investigator also concluded that Elderbridge had not subsequently taken the opportunities it was given to remind Mr R that he wasn't paying enough to clear the balance by the end of the term. She recommended that Elderbridge increase the compensation payment to £150. In addition, it was recommended that Elderbridge arrange an appointment with Mr R to discuss the options available to him to put the loan repayment back on track.

Elderbridge accepted the Investigator's conclusions. It also confirmed that it would arrange to speak to Mr R in a telephone call, if he accepted her conclusions.

Mr R didn't accept the Investigator's conclusions. He asked that the complaint be referred to an Ombudsman. Mr R said that the only resolution he was willing to accept was the loan being written off.

## **What I've decided – and why**

As the Investigator explained, we can consider whether there was an unfair relationship between Mr R and the lenders – taking into account all matters relevant to the fairness of that relationship, whenever they occurred. As the current lender, Elderbridge is responsible for ensuring the relationship is currently fair, even if the unfairness may have originated in things done or not done by its predecessors.

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

I would firstly confirm to Mr R that his loan has been owned by three different lenders over its term. The fact that Arrow Global and Elderbridge use the same account number does not indicate they are the same business or linked. When a lender takes over a loan or mortgage it does not have to change the account number, and when it does, it is usually so that it works with its systems. In this case, the mortgage has been administered on the same system – that of the third-party mortgage administrator – since it was transferred to Arrow Global. This may well explain why the account number didn't change when the loan was transferred to Elderbridge.

As for one credit reference agency showing that the loan is still owned by Arrow Global, I would suggest that Mr R direct his questions about this to the credit reference agency in the first instance. A lender will provide such agencies with information, but they don't have control over what each agency then records on a credit file or how it does it.

In relation to the matter of the transfer of the loan from one lender to another. The loan terms and conditions allow for this to happen and do not require the consent of the borrower. When the loan was transferred, Mr R was told about it happening and it was confirmed that the terms and conditions remained the same. As such, I can't see that Mr R's position was materially altered by the transfer of the mortgage or that the transfers created an unfair relationship between Mr R and the lenders.

I now turn to the matter of the loan balance and that it will not be repaid within the term, unless Mr R increases his payments. This is the second time Mr R has asked us to look at this complaint point. When we first considered it in 2022, we upheld the complaint. We didn't consider that Mr R had been dealt with fairly and we recommended redress. Both parties accepted that outcome.

As the Investigator explained, there are some complaints that, whilst they fall within our remit, it's not appropriate for this Service to consider. Our rules, known as the DISP rules, allow us to dismiss a complaint without consideration of its merits in certain circumstances. One of those circumstances is where considering it will seriously impair the effective operation of this service. Our rules set out examples of where that would be the case, and that includes where we have already considered or excluded a complaint. I am satisfied that we considered the complaint about the loan balance and the term Mr R will have to make payments over in 2022.

Mr R clearly remains unhappy that he has a balance on the loan, and I will consider what has happened since we considered the complaint in 2022. However, none of the evidence provided appears to add to the substance of what we had in 2022 when the complaint was originally assessed and concluded. So, I don't consider it would be appropriate for this service to revisit the complaint issue for the period we have already considered.

In relation to the balance and term since the 2022 complaint resolution, no further charges or interest have been applied to the loan. So I can't find that either of the lenders acted

inappropriately or unfairly in this regard. However, the communications could clearly have been better. It was many months after the redress was applied to the loan in June 2022 before Mr R was told that he needed to pay more each month to clear the balance before the end of the term. Further communications could also have been clearer.

As such, I have considered whether Mr R would have been in a different position now, had he been told earlier that he needed to increase his monthly payments. Mr R has provided us with bank statements for the relevant periods. Having considered them, I am not persuaded that Mr R was in a position to commit to paying more each month to the loan. I say this as his bank statements show that he needed to use his overdraft facility in most months, which indicates he didn't have disposable funds he could have reliably paid to the loan.

That said, I consider that Elderbridge should increase the compensation it has paid for the poor service Mr R was provided with. It is clear that he is very upset by the situation and not being kept properly informed will have added to that. The Investigator recommended that Elderbridge increase its offer by £120 to a total of £150. Having considered the matter carefully, I am satisfied that is an appropriate sum in the circumstances.

Whilst I recognise that Mr R is unhappy that the loan still has a balance and he needs to continue to make payments, I would encourage him to discuss the situation with Elderbridge. If Mr R accepts this decision, Elderbridge should arrange to have a member of its staff who is fully aware of the history of Mr R's loan and complaints, to discuss a way forward with him.

### **My final decision**

My final decision is that I uphold this complaint in part. In full and final settlement of the complaint, I require Elderbridge Limited to pay Mr R an additional £120 compensation.

Under the rules of the Financial Ombudsman Service, I am required to ask Mr R to accept or reject my decision before 16 October 2025.

Derry Baxter  
**Ombudsman**