

The complaint

Ms S complains that Bank of Scotland plc trading as Intelligent Finance (IF), haven't treated her fairly. She says it was agreed in 2006 that she could let her property out and was charged a fee for this. But she's since found out that they have charged her 0.5% every six months since 2009. Ms S says this wasn't made clear to her and would like to be reimbursed for these costs.

What happened

Ms S took out a mortgage with IF in 2006. She said IF agreed for her to let her property out and she paid a fee for this but she wasn't made aware that she was going to be charged anything further. Ms S also explained that she had a breakdown in 2017 due to financial struggles and she brought a complaint to the Financial Ombudsman Service about these issues. But because she said she couldn't tell us everything we needed to know, we didn't find in her favour.

Ms S says she didn't feel supported by IF when she had a breakdown in 2017 and these charges have added an additional £45,000 to the mortgage balance. So she would like the excessive charges and interest removed and compensation for what she has been through.

IF issued a final response letter in September 2024 where they confirmed that this complaint had already been answered by our Service in 2017. They said they will continue to charge the fees unless Ms S provides them with evidence that she was and is now living in the property. They said they explained this to her when they issued their previous final response on the matter in 2017.

IF also explained again that they told her in 2017 that they did agree for her to let the property out and they charged her a one off fee of £250 but the let was only ever agreed for three years. And they wrote to her in 2009 to explain how the let would be charged moving forwards.

Ms S wasn't happy with what she was told so she brought the complaint to the Financial Ombudsman Service where it was looked at by one of our investigators. Our investigator explained that we had already investigated Ms S' complaint in 2017 and said that we would only be able to consider the fees and charges six years prior to Ms S raising this complaint with IF – which would be from September 2018. He didn't uphold the complaint.

Ms S didn't agree with this. In summary she made the following comments:

- She never had an understanding about the complaint when she raised it with our Service in 2017 as she didn't get any support from IF about it.
- She doesn't think that IF adding nearly £45,000 in excess fees is fair.
- She said IF sent her forms which they said she never returned and they didn't make it clear she had to, so they've not made the situation clear to her.

Ms S has since written to IF to explain the situation with regards to the property let, and she said it was unoccupied for around a year, so she wanted to get a refund for that period. She also explained her personal circumstances letting them know why she wasn't able to live in the property. She did say that there are tenants in there at the moment but she is hoping to move back in, in September 2025.

IF gave us their comments on Ms S' recent letter and said that their position remains the same and if Ms S can evidence that she was occupying the property and that it wasn't being let, they can consider refunding the fees she was charged for the appropriate period.

This information didn't change anything, so as Ms S disagreed with the investigator, the complaint has been passed to me to decide.

My provisional decision

I issued a provisional decision on 4 June 2025. I said:

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

I have already issued a decision letting Ms S know which parts of her complaint I am able to consider. This being, the charges that have been applied to the mortgage since September 2018.

Ms S is unhappy that she is being charged 0.5% every six months for letting her property out as she believes she should have only been charged a one off fee. As mentioned above, I am only looking at what has happened since September 2018.

Ms S is still being charged a fee for letting her property out. She argues that she didn't know at the time that she needed to send forms back – but that isn't something I can comment on. What I can say however, is whether Ms S returned forms to IF or not, this would be the difference in how the property was shown as being let out. It would either be authorised or unauthorised. The fee would still be the same and would still be charged.

I think IF have been fair in that they have told Ms S numerous times that if she can evidence that she was at any point living in the property and that it wasn't being let – they will consider refunding those charges. But Ms S hasn't done this.

Having looked at the most recent letter she has sent IF, it appears that she's never moved back into the property, and she has provided some sensitive information to explain why that is. While I empathise with her, this doesn't mean that IF shouldn't be charging her.

Ms S has explained that the property was vacant since 5 September 2022 to 6 February 2023. She said she tried to sell the property but was forced to re-tenant it again due to cash flow issues. She said the property was also empty from 5 to 24 December 2024.

I'm sorry to hear about the health issues that Ms S has had, and the difficult time she is going through, but I can't say that IF have been unfair or unreasonable. The fact of the matter here is that it doesn't appear she has been living in the property. And I don't think it's an unreasonable request from IF to ask for evidence, such as a council tax demand to show that she was in fact living in it -but from what she said – she hasn't been.

So I'm satisfied that the charges that have been applied to Ms S' mortgage are in line with the terms and conditions of the mortgage so I can't fairly ask IF to refund these.

Ms S has said that she is planning on moving back into the property in September 2025, if this is the case, then she should provide IF with the evidence they require for them to consider refunding any future fees.

As it stands at the moment, I won't be upholding Ms S' complaint.

Developments

IF responded to the provisional decision and didn't have anything further to add.

Ms S responded and made the following comments:

- In 2017 IF said they would charge her 0.5% which will be applied to the mortgage whether the let is treated as unauthorised or not. So, she questions why she paid them an additional £250.
- Ms S also requested statements from IF to see whether they charged both the fee and the 0.5% and she has not received these.
- She said she wrote to IF in February and April 2025 which they have ignored. She said she had explained they never asked her for evidence when she was living in the property, but she can obtain information from the letting agency if needed or try and obtain council tax documents.
- She said no-one has responded to her comments about whether this charge is fair and says hundreds of customers do not declare that their properties are let. She also wants to know whether IF will reimburse her if she can provide the evidence they require.

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 thought about the comments that Ms S has made but my decision hasn't changed. As I explained whether or not the let was classified as authorised or unauthorised, the 0.5% charge was still going to be applied to the mortgage.

IF said that the £250 that Ms S paid was a one-off fee as this fee only covered the let for three years. But I can't look at this charge specifically as this was paid prior to September 2018. Any charges that Ms S has been charged since have been applied in line with the terms and conditions – so they haven't charged her unfairly.

Ms S has said that she has asked for statements to see what she has been charged but she has not received these. This part of the complaint was addressed in 2017. So this isn't something that I am able to investigate again.

I appreciate Ms S is unhappy as IF have not responded to her recent letters. This can happen when a complaint is referred to our service as a business will not want to get involved in any further discussions while we are considering a complaint. We did get IFs comments on her most recent letter, and I explained that they are willing to consider reimbursing the fees that Ms S has paid if she sends them the evidence they require.

I cannot guarantee or get involved in whether IF will in fact refund these costs to Ms S as they said they will consider them for now. So Ms S will need to send IF the information they have asked for and it will be for them to decide if they are happy with the evidence provided and whether they choose to reimburse some of the costs.

I know that Ms S will be disappointed with my decision, but I have nothing further to add to what I have said above and in my provisional decision.

My final decision

For the reasons given above, I don't uphold this complaint.

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

Maria Drury

Ombudsman