

The complaint

Miss N, the executor of the estate of her late father Mr N, complains about how Landmark Mortgages Limited have dealt with Mr N's mortgage since he passed away.

What happened

The late Mr N took out a mortgage with Northern Rock in 2005. He borrowed around £123,000 on interest only terms over 25 years, plus a linked unsecured loan (on repayment terms) of around £24,000, also over 25 years.

Following Northern Rock's collapse, Mr N's mortgage was transferred to the nationalised successor lender, which became Landmark in 2016.

Sadly Mr N passed away in June 2022. It appears he died without leaving a will. Miss N informed Landmark of his passing in July 2022, and Landmark said she would need to obtain letters of administration before it could discuss the mortgage with her.

Miss N obtained letters of administration, and sent a copy to Landmark in February 2023. Landmark sent a redemption statement to the solicitors acting for the estate.

Miss N told Landmark that she intended to sell the property. But she didn't in fact do so. Landmark agreed to hold any recovery action until October 2023. Around the same time, Miss N complained about how it had spoken to her – Landmark responded to that complaint but Miss N didn't refer it to us at that time.

Landmark says it tried to contact Miss N without success over the next few months (with the exception of a conversation in March 2024 when Miss N said she hadn't received a response to her complaint, and made a subject access request).

In May 2024 Miss N told Landmark that she didn't intend to sell the property and was taking advice about taking out a mortgage in her own name to replace the late Mr N's mortgage. Landmark says it asked to be kept updated. In July 2024 it sent a letter warning that it would take legal action if the mortgage remained unpaid. It has not yet taken legal action, because the property is now currently on the market.

Miss N complained. She said that Landmark hadn't acted fairly by threatening legal action. She said it hadn't shown empathy for her situation, and hadn't told her there was a time limit for repaying the mortgage. She also complains that Landmark had acted insensitively, for example asking questions of her father even though it knew he had passed away. She said that Landmark told her to keep paying the mortgage, but was still threatening to repossess the property. She said she needed more time to seek advice and find a way forward.

Landmark said it hadn't been clear when it spoke to Miss N in 2022 – it told her that she had twelve months, not eighteen months, and gave the impression that this was time for Miss N to decide what to do. It says it should have made clear that it would allow eighteen months after Mr N passed away but that the mortgage should be repaid by the end of that time, or it would have to take further action. It offered Miss N £75 compensation. Landmark said that

letters of administration had been granted in February 2023 – it had allowed Miss N a series of grace periods. But it did need the mortgage to be repaid.

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'm sorry to hear that Miss N has suffered a further recent bereavement as well as the loss of her father, and I hope she will accept my sincere condolences on her loss.

As our investigator explained, there are strict time limits for making complaints. They're not set by us, but they are set out in our rules – if a complaint is out of time, we have no power to consider it. That means I'm unable to consider anything that was dealt with by Landmark's earlier complaint response from 2023, because Miss N didn't refer that complaint to us within the required six months and there are no exceptional circumstances which explain why the deadline wasn't met.

I have however considered everything else. But there are further limits on my powers – the Financial Ombudsman Service can only consider complaints from eligible complainants. In this case, that means Landmark's customer Mr N or his estate. I can consider Landmark's actions in seeking to recover the mortgage balance and how it has dealt with Miss N in her capacity as the administrator of his estate. But I'm afraid I have no power to consider, or award compensation for, any upset or distress Miss N herself was caused.

It's in the terms and conditions of Mr N's mortgage that the full balance is repayable on death. That's standard and normal practice; something that's found in virtually all mortgage agreements.

That said, it's not generally possible for a mortgage to be repaid in full immediately on death. Firstly, there needs to be someone appointed to manage the estate, whether through grant of probate or, as here, letters of administration. And secondly it's relatively unusual for a deceased person to have enough free cash available that an executor can use to repay a mortgage balance. Therefore it's usual either for the property to be sold, or for the beneficiaries of the estate – if they want to keep the property – to repay or refinance the mortgage.

All of that takes time. Therefore I wouldn't expect Landmark to insist on immediate payment – it should allow a reasonable time for a deceased's affairs to be put in order and arrangements to be made to repay the mortgage.

Landmark's policy is that it generally allows eighteen months for that to happen. It considers that to be a reasonable time for the estate to be wound up and arrangements be made to repay, whether through sale or re-finance.

I don't think that's unfair. It strikes a balance between its right to repayment, and the time it takes for the administrator of an estate to sort things out. And where it's not proved possible to resolve things in that time, I would expect Landmark to assess the situation and consider allowing a further reasonable time to resolve things if necessary.

I'm satisfied that this is what Landmark has done. It's now three years since Mr N passed away, and while Landmark has said since the end of 2024 that if a solution isn't reached it will have to consider taking legal action to repossess the property, it hasn't in fact done so.

I do think there have been problems along the way. Landmark accepts that when it first

spoke to Miss N in 2022 it didn't make its eighteen month policy clear, and it didn't make clear that was not just time for consideration – the mortgage would need to be paid at the end of that time.

I don't think that has had any impact on Mr N's estate, however. In practice, Landmark has allowed much more than eighteen months without, so far, taking recovery action. So it's not the case that the estate has ended up being prejudiced by being led to believe it had more time than was in fact the case.

It did have an impact on Miss N herself. Landmark has offered £75 compensation for that. As I've explained, I can't consider the emotional impact of its actions on Miss N or the upset she was caused, because she wasn't Landmark's customer and therefore I have no power to consider a complaint about the impact on her. I can't therefore assess whether Landmark's offer is fair or not, and I simply leave it to Miss N to contact Landmark if she now wants to accept the offer.

I also think some of Landmark's communication was careless and insensitive. At times it wrote to Miss N at her own address, but at other times it sent letters to Mr N's property, where Miss N was not living. Some of its letters were poorly worded. For example, it sent letters and documents seeking information which were more appropriately directed to a living borrower in arrears, rather than the representatives of the estate of a deceased borrower. I can understand why Miss N found this upsetting and unhelpful. But again, that's not something I have the power to require Landmark to compensate her for. And I don't think the inadequacies in its correspondence impacted the estate's ability to repay Mr N's mortgage.

Miss N also says that Landmark has accepted payment from her since her father's death, only telling her in late 2024 that she didn't need to make payment. And she says that as soon as she acted on that advice, it sent her letters threatening legal action – she believes that it set a trap for her.

I don't think that's the case. This is not her mortgage, and she is not herself liable to make any payments. And I've not seen any evidence that Landmark told her otherwise. I've also not seen any evidence that Landmark's decision to start considering legal action was because of the payments issue either – I think it's more likely this was because it was by then two and a half years after Mr N passed away, so it would always have considered moving to legal action around this time whether payments were being made or not.

That doesn't mean she can't make payments, though. It may be that, if she is also the beneficiary of her father's estate, it's in her interest to do so to prevent the balance increasing and reducing the equity in the property she will inherit after the mortgage is repaid. That's ultimately a choice for her to make.

I do understand how difficult and upsetting this situation is for Miss N. But the fact is that Mr N's mortgage needs to be repaid. Landmark has now allowed three years for that to happen – which I think is fair and reasonable. I'm aware the property is on the market and hopefully Miss N is making progress towards a sale. She'll need to keep Landmark up to date with what is happening, and Landmark will need to take into account what she says and allow reasonable time for any concrete plans to repay to be put in place. But if Miss N, on behalf of her father's estate, isn't able to find a way to repay his mortgage then Landmark will be entitled to seek repossession of the property and sell it. I hope that won't be necessary.

My final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask the estate of Mr N to accept or reject my decision before 27 August 2025.

Simon Pugh
Ombudsman