

The complaint

Mr H complains about his mortgage with Landmark Mortgages Limited. In particular, he's unhappy that Landmark didn't make him aware of the implications of changing the payment date, and that it used overpayments to reduce his monthly payment rather than to reduce the term of the mortgage.

What happened

Mr H has a mortgage with Landmark. In 2014, he asked Landmark to change the payment due date. As a result of this, the payments were changed to late in the month – this had the effect of slightly higher interest being charged, because the balance was higher for longer.

In 2023, Mr H contacted Landmark to discuss making overpayments. He wanted to use the overpayments to reduce the term of the mortgage – leaving the monthly payment the same. Landmark told him that wasn't possible and the monthly payment would be reduced instead. Mr H went ahead with the overpayments.

In 2025, Mr H complained about both these issues. He said he had recently become aware that he was being charged additional interest because of the change of payment date. And he had wanted the mortgage term reduced so the loan would have been paid off sooner.

Landmark said that the adviser Mr H had spoken to in 2023 had made a mistake. It was possible to reduce the term and leave the payments the same, and Mr H should have been given that option. However, it didn't think that had caused Mr H any loss, because it had made him aware that there was no restriction or limit on making overpayments, so if Mr H had wanted his monthly payment to remain the same he could have done so through making overpayments each month. It offered £100 compensation.

Our investigator said that we couldn't consider the complaint about the change in payment date, because that was out of time. He agreed that the mistake with the overpayment hadn't resulted in loss to Mr H, and he thought that Landmark's offer of compensation should be increased to £250 to fairly reflect the upset caused by learning he'd been misled and not given the chance to have the term reduced at the time.

Mr H didn't agree and asked for an ombudsman to review his complaint. He said he hadn't become aware of the issue with the monthly payment until recently. And he didn't agree that there was no financial loss. Had he been given the choice of reducing the term and keeping the payments the same, he would have taken it. The fact that he had later, for other reasons, not made regular overpayments doesn't mean that he wouldn't now be in a better situation if Landmark had done that.

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.

As our investigator explained, the rules of the Financial Ombudsman Service say that there

are time limits for bringing complaints. Unless Landmark consents to us considering a complaint brought outside the time limit (which it doesn't), we can't consider a complaint made more than six years after the events complained of, or – if this gives more time – more than three years after Mr H knew or ought reasonably to have known of cause for complaint. Unless there are exceptional circumstances which explain why the complaint couldn't have been made in time.

This means we can't consider Mr H's complaint about the impact of the change of payment date in 2014. That was more than six years ago. And I've seen that Landmark wrote to him in 2017, saying that

“Your monthly payment was affected by a change to your payment due date, making it later in the month. This resulted in you incurring additional interest.”

Landmark said it hadn't made that clear in 2014, so it offered a refund of the additional interest charged between then and the letter in 2017, making £13.92 in total.

I'm satisfied that this told Mr H that the change of payment date resulted in extra interest, and that Landmark had failed to make him aware of that at the time. That means he was aware of cause for complaint from the time he received this letter in 2017. Mr H says he has no recollection of receiving the letter. But it was sent to him, at the correct address, and I've no reason to believe it wasn't delivered even if, eight years on, he doesn't remember that. The key point was that Mr H was made aware in 2017 of cause to bring the complaint he's bringing now – and didn't make it within three years. There are no exceptional circumstances which explain why he couldn't have done so. Therefore this part of the complaint is out of time and I'll not be considering it in this decision.

On the second complaint, it's not in dispute that Mr H made an overpayment in 2023. He was told that this had to result in a reduction of his monthly payment with the term remaining the same. That wasn't correct. He also had the option of keeping the payments the same and reducing the term – which he now says he would have done given the chance.

That wasn't fair. Landmark should have made clear to Mr H what his choices were, and implemented the one he wanted. That's not in dispute either.

What I need to decide is what Landmark needs to do to put things right. I don't think it would be fair to require it to remove the interest charged as a result of the term not reducing, or to reduce Mr H's balance to what it would have been had he been given the other option.

Mr H was told that he could continue to make overpayments, with no restriction or charges for doing so. If he wanted his payments to remain the same at that time, he could simply have overpaid the extra each month from then on.

Mr H says he chose not to do that for “independent personal reasons”. When his payments reduced, he used the surplus funds for other things. But that doesn't mean it would be fair to require Landmark to rework the mortgage as if he had kept the payments the same instead. That would be to give him the benefit of the things he did spend the money on – and the benefit of having paid more to his mortgage than he actually did. That would be to put him in a better position than he would have been in had Landmark done nothing wrong.

Mr H also says that even if he had continued to make overpayments each month it wouldn't have had the same effect, because Landmark only re-calculate once overpayments have reached £1,000. But that's not correct. It might be that Landmark only re-calculate the monthly payment or the term once overpayments reach £1,000. But all overpayments reduce the balance, and therefore the interest charged, immediately.

Although Landmark reduced Mr H's contractual payment, if his priority was to continue to pay the same to pay the mortgage off sooner, there was nothing to stop Mr H having continued to do so. He chose not to do that, and to use the money for other things. It wouldn't therefore be fair to reduce his balance by the amount of payments he chose not to make.

However, I agree that Landmark should have been clearer about the choices open to him at the time. It shouldn't have told him that the only option was reducing the payments not the term. Learning that this wasn't correct has caused him distress and inconvenience. I agree £250 is fair compensation in all the circumstances.

My final decision

My final decision is that Landmark Mortgages Limited should pay Mr H £250 compensation in respect of this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 21 October 2025.

Simon Pugh
Ombudsman