

The complaint

Mr C complains about how his mortgage lender, Landmark Mortgages Limited, has treated him when he experienced financial difficulty.

What happened

Mr C has a mortgage with Landmark. Unfortunately, he lost his job in 2022, and the mortgage began to fall into arrears.

Mr C says he asked Landmark for help in January 2023. He initially wanted to extend the term of the mortgage but Landmark wouldn't agree to that. But it did agree to a temporary interest only arrangement. When that came to an end, and the mortgage switched back to repayment, it was still unaffordable for Mr C.

Mr C complains about that. And he complains that Landmark has charged him additional interest and arrears fees, despite knowing about his situation – including that he's unable to work because of a past injury, and is in receipt of benefits. He says that Landmark has recently agreed to extend the mortgage term to reduce the payments if Mr C makes three monthly payments – but it could have agreed to that in 2023. He wants it to refund all the arrears charges it has added and compensate him for the stress he's been caused.

This is a complaint that Mr C has made to Landmark, and to which Landmark has responded, several times. I've seen the following responses Landmark sent:

- 14 August 2024 – a complaint about arrears fees and interest charges. Landmark said interest had been properly applied. And it said it had applied arrears fees in months where Mr C hadn't made his full mortgage payment, because it had carried out extra administrative work. It said Mr C had agreed to make payments of £300 in July and August 2024, and his income and expenditure review suggested he could afford to do so, but no payments were in fact received.
- 14 November 2024 – a complaint about arrears fees and interest charges. Landmark referred back to the August response in respect of fees charged before then. It said that it had applied arrears fees since then, at the end of August September and October, because Mr C hadn't made any payment in those months. It was aware he was in dispute with the Department for Work and Pensions (DWP) about his benefit payments, but the mortgage payments still needed to be made. It said that if Mr C got in touch it might be able to agree a payment arrangement until the dispute is resolved, depending on Mr C's circumstances.
- 26 February 2025 – a complaint about arrears fees and interest charges. Landmark referred back to previous responses and said further fees had been applied since then at the end of November 2024 and January 2025 when the full monthly payments weren't made in those months. It said a previous arrangement to accept £300 per month had expired earlier in 2024 and – despite trying – Landmark hadn't been able to discuss things with Mr C since then to see if a new arrangement could be agreed. It said the interest rate being charged to the mortgage was correct – being the

standard variable rate (SVR) less a discount of 0.25%.

Our investigator said that we couldn't consider anything dealt with in the August 2024 final response. That's because Mr C didn't refer his complaint to us until April 2025 – which is more than the six month time limit which applies. She said she could look at things that had happened since then – having done so, she didn't think Landmark had acted unfairly. So Mr C asked for an ombudsman to review his complaint.

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 about Mr C's situation and the difficulties he's experienced, and I've taken full account of that when thinking about this complaint.

I agree with our investigator that I can't consider any arrears fees, or interest, charged before August 2024. That's because under our rules a complaint has to be referred to us within six months of Landmark's final response, and Mr C didn't meet that time limit for the August 2024 final response. Where a complaint is out of time we can only consider it if Landmark consents (which it doesn't), or if there are exceptional circumstances which explain the delay. Mr C says he initially tried to pursue his complaint through another organisation, but then contacted us himself when that organisation couldn't help him in time. I'm afraid I don't think that amounts to exceptional circumstances. There wasn't anything that stopped Mr C from contacting us himself, he just chose to try and take another route first.

However, I can consider arrears fees and interest charged since August 2024. And I can consider whether Landmark has treated Mr C fairly more generally. Having done so, I'm sorry to disappoint Mr C but I don't think I can fairly uphold his complaint.

Mr C first started experiencing financial difficulties in late 2022 and early 2023 following the loss of his job. I can see he was in touch with Landmark at this time and kept it up to date with his circumstances. In April 2023 Landmark agreed to switch the mortgage to interest only for six months to reduce the monthly payments.

Unfortunately, when the interest only arrangement ended in November 2023, the mortgage was still unaffordable and Mr C began to go into arrears. In March 2024 Mr C asked Landmark via its online messaging portal if it had sent his benefits claim on to the DWP, and it confirmed it had done. Landmark also tried to contact Mr C to discuss his circumstances and financial situation, without success.

In June 2024, Mr C sent another online message asking Landmark to extend the mortgage term. Landmark couldn't agree to a term extension without discussing Mr C's income and expenditure and confirming the mortgage would be affordable over any extended term, so it replied saying it would need to speak to him and understand his financial situation first. It asked Mr C to call but he didn't do so and Landmark's calls to him were initially unsuccessful.

Landmark did then manage to speak to Mr C. It went through his income and expenditure but found the mortgage would be unaffordable for him even if the term was extended to reduce the monthly payments.

I don't think this was unfair. A term extension can sometimes be a good way to help a borrower in financial difficulties. But it permanently changes the mortgage, tying the borrower in for longer and resulting in more interest being charged overall. It wouldn't generally be the

right thing to do if it doesn't resolve the problem of the mortgage being unaffordable. That was the case here – even with a term extension, Mr C's income and expenditure showed that he wouldn't be able to afford the monthly payments. Extending the term wouldn't therefore solve the problem or lift him out of arrears. It wasn't unreasonable that Landmark didn't agree to it. However, Landmark did agree to a reduced payment arrangement of £300 for July and August 2024 – but Mr C didn't make those payments.

More recently, in April 2025, Landmark looked at things again. A term extension was now affordable for Mr C. Landmark agreed the term extension, subject to Mr C keeping to a payment arrangement of what the new payment would be for six months (initially a three month arrangement, to be reviewed and extended for a further three months). If he did that, Landmark would put the term extension in place at the end of the six months.

Throughout this period, I've not seen anything to suggest that Landmark has charged interest unfairly. The applicable interest rate is the SVR, less a discount of 0.25%, and that's what Landmark has charged – the SVR has changed over time, largely reflecting changes in the Bank of England base rate (though the two are not directly linked).

I've also reviewed the arrears charges Landmark has applied since August 2024. I don't think those were unfair either. It only applied arrears fees when Mr C didn't make his full payment and there was no arrangement to pay less in place, and when it carried out extra work to try and contact him and understand why payments weren't being made. It's entitled to apply arrears fees for extra work under the mortgage terms and conditions and I don't think it acted unfairly in doing so.

For those reasons I don't uphold this complaint. But I hope Mr C has been able to keep to the more recent arrangement, allowing the term extension to be put in place making the mortgage more sustainable for him going forward.

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 Mr C to accept or reject my decision before 10 February 2026.

Simon Pugh
Ombudsman