DRN-5749021

Financial Ombudsman Service

The complaint

Mr O complains that Elderbridge Limited didn't tell him when his mortgage was transferred to it in 2016 that it didn't offer new interest rate products, it didn't give him advance notice of the transfer, and it won't now offer him a new rate.

What happened

Mr O took out his interest-only mortgage in 2007 with DB UK Bank Limited trading as db mortgages. The mortgage was initially on a two-year fixed rate of 6.15%. After the first two years the interest rate changed to a variable rate of 2.15% above the London Interbank Offered Rate (LIBOR), and the mortgage has been on a variable rate ever since. The mortgage term ends in 2027.

In December 2016 Mr O's mortgage was transferred to Elderbridge. Both db mortgages and Elderbridge wrote to Mr O letting him know about the transfer and saying that the terms and conditions of his mortgage wouldn't change.

In 2024 Mr O contacted Elderbridge to discuss taking a new fixed interest rate product and extending the mortgage term. He was concerned about the increasing interest rate on his mortgage and the approaching term end. Elderbridge said it didn't offer any new mortgage products and gave him information about what it would consider if he wanted to apply for a term extension.

In January 2025 Mr O made a complaint. He said he considers Elderbridge to be a debt collector rather than a mortgage lender, it should have given him advance notice of the transfer of his mortgage to it, and had it told him in 2016 that it doesn't offer new mortgage products he would have remortgaged elsewhere at the time. He also said that he had recently tried to move his mortgage to a new lender but had been unable to do so for affordability reasons. He is very worried about the approaching term end and the prospect of having to sell his home and downsize, and the impact that would have on his family.

Our Investigator said we can't look into Mr O's complaint about the transfer of his mortgage to Elderbridge in 2016 because he had left it too late to complain. She said we can consider his complaint that Elderbridge won't now offer him a new interest rate product, and she didn't think that complaint should be upheld.

Mr O didn't accept the Investigator's conclusions and asked for a review. He said he couldn't have known sooner that anything was wrong because neither Elderbridge nor its predecessor told him in 2016 that Elderbridge doesn't offer new products, and he only found out recently when he tried to fix his mortgage rate. He said he can't now move to a new lender because of his age and affordability issues, but if Elderbridge had been transparent in 2016 about not offering new products and sent him new terms and conditions he would have got a mortgage elsewhere.

Mr O's complaint was referred to me to decide. I issued a decision confirming which parts of this complaint the Financial Ombudsman Service can and can't consider. I said that I can't consider Mr O's complaint about the transfer of his mortgage to Elderbridge in 2016, but I can consider his complaint about Elderbridge's response to his request for a new interest rate product in 2024. This decision it to set out my conclusions about the part of the complaint I can consider.

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.

Having done so, I'm not upholding this complaint. There's nothing in the terms and conditions of Mr O's mortgage which says that Mr O's lender has to offer him a new interest rate product. Mr O asked Elderbridge for a new fixed rate in 2024. Elderbridge explained that it's not an active lender and doesn't offer new products. It said Mr O could look into remortgaging elsewhere if he wanted.

Elderbridge doesn't offer new rates to any of its customers, and it's not obliged to do so – either under the terms and conditions of Mr O's mortgage as I've said, or as a matter of law or mortgage regulation. So Mr O hasn't been treated any differently to any other Elderbridge customer. His mortgage has operated as it should have done according to its terms and conditions and according to the various letters about rate changes that Elderbridge has sent him.

Mr O has said that he has applied to move his mortgage to other lenders and his applications have been declined. I'm sorry that Mr O has found remortgaging so difficult. But I can't consider the outcome of those applications in this complaint about Elderbridge. There are no early repayment charges, for example, on his mortgage with Elderbridge, so Elderbridge hasn't put barriers in the way of him remortgaging elsewhere.

In the circumstances, I don't consider that Elderbridge has treated Mr O unfairly. I can see that Mr O is in a difficult position; I can't however require Elderbridge to offer him a fixed rate product when it has none available. It has said that it will consider an application for a term extension if Mr O decides to make one, and I think that's reasonable.

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 O to accept or reject my decision before 9 September 2025.

Janet Millington
Ombudsman