

The complaint

This complaint's about a mortgage Mr E holds with Aldermore Bank Plc. The complaint relates primarily to how Aldermore dealt with Mr E's requests for help during an extended period of financial hardship in 2023.

What happened

The broad circumstances of this complaint are known to both parties. I'm also aware that the investigator issued a detailed response to the complaint, a copy of which has been sent to both parties, and so I don't need to repeat all the details here. Our decisions are published, and it's important that I don't include any information that might result in Mr E being identified.

Instead I'll give a brief summary of the key events, rounding figures where necessary, and then focus on giving the reasons for my decision. If I don't mention something, it won't be because I've ignored it. It'll be because I didn't think it was material to the outcome of the complaint.

Mr E has held the mortgage since 2017; it's a repayment mortgage, the opening balance was £226,000, repayable over 24 years. Mr E has had some past arrears, in particular during the COVID 19 pandemic, but at the time of events giving rise to the complaint, the mortgage was up to date. What happen in 2023 is that Mr E was diagnosed with a serious medical condition that prevented him working for an extended period whilst he received treatment.

He contacted Aldermore in July 2023 asking for help; at that point, his contractual payment was a little under £1,190, but he was paying £1,200 each month. Mr E told Aldermore of his diagnosis, and proposed either a payment holiday or a reduced payment of £100 a month, and then additional payments of £300 on top of his contractual payment once he returned to work, to repay the arrears that would accrue. It took Aldermore until September 2023 to agree a reduced payment arrangement, and in the meantime, Mr E had paid £100 in July and August respectively.

The reduction Aldermore agreed to, based on an income and expenditure report, was for £175, rather than £100, covering the months of September, October and November 2023. Mr E maintained this arrangement, paying the same amount in December 2023 as well. As the arrangement had now ended, Aldermore sent out arrears correspondence.

Happily, Mr E's treatment was successful, and from January 2024, Mr E reverted to paying £1,200 a month. In March 2024, he approached Aldermore again, repeating his proposal to pay £300 a month towards the arrears. He also asked about the possibility of capitalising the arrears, and shortening the mortgage term. When he didn't get a substantive reply, Mr E complained, resulting in a final response from Aldermore, dated 14 May 2024, covering the following points, which I've condensed:

- Mr E's original preferred option of a payment holiday wasn't available; The £175 arrangement was the best option at the time.

- Arrears letters weren't sent during the agreement period, but resumed in December 2023.
- It could only make one arrangement at a time, so could not agree to Mr E's proposal to pay £300 towards the arrears until after the reduced payment arrangement had concluded, and that would require a fresh review of his circumstances.
- Mr E should contact Aldermore to discuss possible eligibility for the Mortgage Charter, capitalisation of arrears, or a new mortgage interest rate product, all of which were subject to a review of his circumstances.

Soon after, Mr E complained that Aldermore was refusing consent to him obtaining a second charge loan, to re-finance one he already had. This prompted a second final response, dated 22 August 2024, the essence of which was that it still did not yet have enough information about Mr E's financial circumstances to reach a decision.

Mr E brought his complaint to us in October 2024. Our investigator issued a view in March 2025, reaching the following conclusions, which I've again condensed:

- The reduced payment arrangement of £175 was fair but Aldermore took too long to agree to it;
- Aldermore's communication over the options for repaying the arrears and/or changing the mortgage term lacked clarity; and
- Aldermore's position over the second charge consent was reasonable.

For the shortcomings he identified, the investigator recommended Aldermore pay Mr E £500 compensation. He also encouraged Mr E to re-engage with Aldermore and provide an updated income and expenditure analysis in order for Aldermore to assess his options going forward.

Aldermore agreed to the recommendation; Mr E raised further points which the investigator looked into before issuing a follow-up view in July 2025, endorsing his earlier view and making the following findings:

- There was brief interval when Mr E first contacted Aldermore in which he could have been eligible for the Mortgage Charter; however this would have been less beneficial to him than the reduced payment arrangement it provided;
- Whilst not making any formal finding on how Aldermore was reporting on Mr E's credit file (this hadn't previously been raised with Aldermore) he explained that lenders generally were required to report arrears in terms of the equivalent number of months' payments they represented;
- Aldermore's policy on what information it needed in order to consider the consent to a second charge was a matter for its commercial judgement. If it was of the view that what Mr E had submitted thus far wasn't enough, and more was needed, then that wasn't unreasonable and the best solution was for Mr E to resume a dialogue with Aldermore

Aldermore accepted the Investigator's recommendation, but Mr E asked for the case to be reviewed by an ombudsman.

What I've decided – and why

I'll start with some general observations. We're not the regulator of financial businesses, and we don't "police" their internal processes or how they operate generally. That's the job of the Financial Conduct Authority (FCA). We deal with individual disputes between businesses and their customers. In doing that, we work within the rules of the ombudsman service and the remit those rules give us. We don't replicate the work of the courts.

We're impartial, and we don't take either side's instructions on how we investigate a complaint. We conduct our investigations and reach our conclusions without interference from anyone else.

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, what follows are my conclusions.

Having looked at everything both parties have said and provided, I agree with the investigator that the arrangement pay £175 per month was fair and reasonable, and in all likelihood the optimum solution for Mr E. I agree with the investigator that Aldermore could at least have raised the subject of the Mortgage Charter when Mr E first approached it as he was, in that moment at least, eligible for it. That eligibility was lost once Mr E paid £100 in July 2023 and the account went into arrears.

In any event, I don't think that omission caused Mr E any detriment. He wanted to pay £100 a month, and an interest-only concession under the Mortgage Charter would have required him to pay around £540 each month (the exact amount would have varied depending on the number of days in the month). That's substantially more than the £175 Aldermore agreed to accept, and I think Mr E would have really struggled to meet the interest figure whilst he was unable to work.

All of the options Mr E has asked Aldermore to consider since he has returned to work and is able to resume full payments and address the arrears, are rightly subject to a fresh assessment of his full financial situation. Whether that be the proposal to make increased monthly payments, capitalise arrears, change the mortgage term or consent to a new second charge, there needs to be full exchange of information to allow Aldermore to make a responsible lending decision that is compliant with its regulatory obligations.

I will make a final observation. There's more (and sometimes less) to complaint resolution than simply deciding who's right or who's wrong. It's not just about winning the argument or indeed pursuing the argument to its ultimate conclusion; sometimes it's about compromising to reach a fair conclusion which both parties can accept in a spirit of conciliation. In my view, I've done that here. All I can do further is express the hope that both parties can move on from here and resume a productive dialogue without recrimination over what has gone before.

My final decision

My final decision is that I uphold this complaint in part. In full and final settlement, I direct Aldermore Bank Plc to pay Mr E £500 compensation for the stress it caused him by the delay in its decision-making and lack of clarity in some of its communications.

My final decision concludes this service's consideration of this complaint, which means I'll not be engaging in any further discussion of the merits of it.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr E to accept or reject my decision before 13 October 2025.

Jeff Parrington
Ombudsman