

The complaint

Mr and Mrs R complain that their former lender, a predecessor of Topaz Finance Limited trading as Jasper Mortgages, didn't treat them fairly at the end of the term of their commercial mortgages.

What happened

Mr and Mrs R had three interest only commercial mortgages. The loans are secured on blocks of residential flats. The mortgages were with a lender called Capital Home Loans Limited (CHL), and the terms expired in December 2022, when the capital was due for repayment. CHL refused to extend the terms and appointed receivers to manage the properties in 2024.

Mr and Mrs R complained. During the course of the complaint, CHL transferred a portfolio of mortgages, including Mr and Mrs R's, to Jasper. Jasper is now therefore responsible for answering this complaint and is the appropriate respondent, having taken responsibility as current lender for things that happened while the loans were owned by the predecessor lender. But as the acts and omissions complained about were actually done (or not done) by CHL, I'll refer to CHL in the body of this decision.

Mr and Mrs R said that the properties had fallen in value since the loans were taken out so the properties were in negative equity. They also require substantial remedial work. For those reasons, they couldn't sell the properties or re-finance them with another lender. They asked CHL to extend the terms of the loans by five years to give them time to carry out works and sell the properties. They would make overpayments to reduce the balance over that time.

CHL said that it no longer offered new lending and couldn't extend the terms. It said that Mr and Mrs R had other options – such as selling other properties in their wider portfolio – to repay the lending which was due at the end of the term. When no agreement could be reached, it appointed receivers to take over the properties.

Mr and Mrs R complained. They said it was unfair that CHL hadn't agreed to extend the terms to give them more time to find a way to repay. They said that, of the 23 flats in the properties, 22 were let before the receivers were appointed but several had since become vacant. They said this was costing them over £5,000 per month in lost rent, plus liability for council tax, utilities and service charges on the empty properties. They said the receivers were mis-managing the properties and not taking proper care of communal areas or ensuring the tenants met their obligations. The receivers had also stopped the programme of refurbishment and maintenance Mr and Mrs R were carrying out. Mr and Mrs R said that the receivers' decision to sell the properties with vacant possession was causing further delay and financial loss as many tenants were still in place. They said that the way the receivers were managing the properties means that the eventual sale price is being reduced – making their position worse with every month that passes. This was not in the interests of any of the parties.

CHL said the mortgages were due for repayment in December 2022. Mr and Mrs R were in

breach of the terms and conditions by not doing so. It could not extend the terms, but it had allowed forbearance before appointing receivers to give Mr and Mrs R time to explore alternative options, such as re-financing. As no progress had been made by January 2024, it wrote to Mr and Mrs R telling them it intended to appoint receivers, and made the appointment in March. It said it couldn't allow the mortgages to continue indefinitely without a clear repayment plan in place. It said it was not responsible for the actions of the receivers

Mr and Mrs R said that they would be able to raise finance to repay part of the borrowing, and asked CHL to agree to accept that, remove the receivers, and discuss repayment of the shortfall. CHL said it could only accept payment in full.

Our investigator didn't recommend that the complaint should be upheld, so Mr and Mrs R asked for it to be reviewed by an ombudsman.

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 of the difficulties Mr and Mrs R have faced. I'm sure their situation is very frustrating for them. But I'm afraid I don't think I can fairly uphold this complaint.

The terms of the mortgages expired in December 2022. Mr and Mrs R would have been aware of that from when the mortgages were taken out fifteen years earlier, and would have known that they were expected to repay the capital at the end of the term.

I understand the difficulties they faced in doing so. Property values in the area crashed during the financial crisis – not long after these mortgages were taken out – and have never really recovered. That made it difficult for Mr and Mrs R to obtain alternative finance to repay CHL.

However, that was always a risk with this kind of property investment. It's unfortunate that the assets of Mr and Mrs R's business didn't grow over time, in the way they might have expected. But CHL isn't responsible for that.

Once the end of the term came, and Mr and Mrs R were unable to repay, then I would expect CHL to look at their situation and allow them a reasonable time to find a way to repay. I'm satisfied it did that. Although it didn't give them the five years they wanted, it did allow over a year. During that time Mr and Mrs R did explore alternative finance. They weren't able to raise enough to repay these loans in full. I don't think it was unreasonable that CHL wouldn't accept payment of less than the full amount outstanding.

After a year, when Mr and Mrs R hadn't been able to find a way to repay, CHL appointed receivers to manage the property. This was allowed by the terms and conditions of the mortgages, and is standard practice for buy to let and commercial property. It means an independent person is appointed to collect the rents, use them to repay the lending where possible, and find the quickest and best way to bring the loans to an end. Any costs incurred by the receivers are either paid from the rental income or added to the mortgage balance.

In the circumstances, where the loans had been overdue for more than a year and Mr and Mrs R hadn't been able to find a way to repay, I don't think it was unfair that CHL appointed receivers. The terms and conditions make clear that, once appointed, the receivers act as agents of and in place of Mr and Mrs R, not on behalf of CHL. I've not seen any evidence that CHL has directed the receivers to take any particular strategy. Any complaint about the conduct of the receivers would therefore need to be directed to the receivers – as I

understand Mr and Mrs R have done. That's not something I'm able to consider here.

I'm sorry to disappoint Mr and Mrs R. I've no doubt how difficult and upsetting their situation is. But their mortgages were due for repayment in December 2022. When they were unable to repay, CHL gave them over a year to find a way of doing so. When that wasn't possible, it appointed receivers to manage and exit the mortgages for them. I'm not persuaded that, in doing so, it acted unfairly in all the circumstances.

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 Mrs R and Mr R to accept or reject my decision before 13 October 2025.

Simon Pugh
Ombudsman