

## **The complaint**

Mrs C complains that Aldermore Bank Plc did not carry out appropriate checks before giving her a buy-to-let mortgage and that created an unfair relationship under section 140A of the Consumer Credit act 1974 (S140A).

## **What happened**

In 2016, Mrs C took out a buy-to-let mortgage with Aldermore. The purpose of the mortgage was to raise funds against a property she already owned to buy shares in a timeshare scheme. Mrs C was introduced to Aldermore by a third-party broker.

The timeshare scheme collapsed and Mrs C lost the money she invested. She complains that if Aldermore had carried out due diligence the nature of the investment would have come to light and would have identified the risks involved. She said that Aldermore did not carry out adequate affordability checks and that there is an unfair relationship under S140A.

The investigator did not think the complaint should be upheld.

Mrs C did not accept what the investigator said. She responded to make a number of points, including:

- The loan was arranged by a broker who had links to the timeshare sellers. That was a clear conflict of interest.
- Aldermore knew the purpose of the loan was to buy a speculative overseas property scheme.
- She was not an experienced landlord. She placed her trust in what appeared to be a reputable UK bank.
- Aldermore still had duties under the FCA's Principles for Businesses and Mortgages and Home Finance Conduct of Business: sourcebook (MCOB) to make sure lending was appropriate in the circumstances. It is not fair or reasonable for it to treat the lending as an equity release or portfolio mortgage without considering the underlying purpose.
- The broker and the timeshare company have both collapsed and are linked to mis-selling and that raises questions about whether Aldermore exercised any due diligence.
- She has lost a very significant sum and we should use our fair and reasonable approach to uphold her complaint.
- Lenders owed her a duty under common law and regulatory principles, Aldermore accepted business from the broker when the mis-selling of these timeshare schemes was well known.
- Her complaint was that the mortgage was mis-sold and unsuitable for a consumer in her position. Aldermore lent to her without carrying out appropriate checks. The broker was

FCA regulated so that reinforces that the mortgage was sold in a regulated environment. Aldermore can't distance itself from 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.

I was sorry to hear about the impact of the failed timeshare investment on Mrs C and I appreciate the sense of injustice she feels about it. But I am only looking at whether there were any acts and omissions by Aldermore in granting the mortgage. This was a buy-to-let mortgage. Therefore neither the advice nor the lending was regulated. MCOB did not apply to this mortgage and there were no specific rules or regulations that set out that Aldermore must lend responsibly.

Any complaint about the sale of the mortgage is likely to have been referred outside our time limits – it was more than six years ago and Mrs C ought to have been aware she had cause for complaint more than three years before she made this complaint. But we can consider whether there is currently an unfair relationship between Mrs C and Aldermore - taking into account all matters relevant to the fairness of that relationship, whenever they occurred.

I accept that PRIN applied and that included a requirement for Aldermore to pay due regard to Mrs C's interest and treat her fairly. I've taken that into account in deciding what I consider to be fair and reasonable in the individual circumstances of this complaint.

The evidence I have is that Aldermore was told that the purpose of the mortgage was for Mrs C to, "raise funds to purchase a holiday home abroad". That is a valid reason to borrow money against a property and there was no reason why Aldermore should have had any concerns about that.

I can't see that Aldermore knew the true nature of what Mrs C was raising the money for. Even if it did, I don't consider that it would have been required to check that everything about the investment was above board. The broker was regulated by the FCA at the time in question. So I can see no reason why Aldermore could not accept introductions from it. And I note the problems with the timeshare scheme did not become apparent until a few years after Mrs C took this mortgage.

This was a buy-to-let mortgage. There was no requirement for Aldermore to check whether Mrs C could afford the repayments as it would for a residential mortgage. Rather it checked the property's value, if its rental income was sufficient to meet the mortgage payments and how the mortgage would be repaid at the end of term. I note the offer said Mrs C intended to repay the mortgage by selling the mortgaged property.

I am satisfied that Aldermore carried out the type of checks I would expect for a buy-to-let mortgage and based on the information it had it was a reasonable decision for it to lend Mrs C the amount it did. I don't consider Aldermore had any reason to believe there was any potential for harm to Mrs C by taking this mortgage based on what it knew. Overall, I don't consider that the continuing relationship between Mrs C and Aldermore is unfair because of anything relating to the lending decision.

**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 C to accept or reject my decision before 5 January 2026.

Ken Rose  
**Ombudsman**