

The complaint

Mrs F is unhappy with how she has been treated by Bank of Scotland plc (BOS), in relation to a buy-to-let (BTL) mortgage. She says the bank's actions have caused her a substantial financial loss, as well as considerable emotional distress and inconvenience.

What happened

Mrs F holds a BTL mortgage with BOS. The mortgage is in joint names with her ex-partner, who isn't joined into the complaint. Mrs F has told us she had to leave her residential property which she resided in with the joint party and move in with her daughter, who is representing her in this complaint, due to the domestic and economic abuse she was experiencing at the time. Although Mrs F is represented in this complaint, I will generally refer to the complaint as having been brought by Mrs F throughout, for ease.

The BTL mortgage term ended 2022, but the balance wasn't repaid and remains outstanding.

In March 2024, BOS issued correspondence setting out its intention to appoint receivers for the mortgaged property. However, due to system limitations, the correspondence was only sent to the 'primary address' on the account, which wasn't where Mrs F was living, and thus she didn't receive this correspondence and wasn't aware of BOS's intentions. LPA receivers were appointed in May 2024, and Mrs F wasn't made aware of this either.

In July 2024, a court granted Mrs F sole conduct of the sale of the property, without requiring the joint party's agreement. The property was marketed for sale and Mrs F says that a sale was agreed in August 2024.

Between March 2024 and November 2024, Mrs F telephoned BOS on several occasions. In these calls, Mrs F was asking BOS for information about the mortgage, including redemption figures. Over time, Mrs F made it clear it was her intention to clear the balance, and from September 2024 she mentioned the property was in the process of being sold. When sending information about the mortgages, such as redemption statements, BOS sent this to the address Mrs F was living at.

BOS didn't inform Mrs F during any of these calls, about the action that was being taken, including that receivers had been appointed. During a call on 8 November 2024, Mrs F rang BOS and said she wanted to ask about a notice stuck to the door of the property, that had been mentioned by the Estate Agent. BOS's agent told Mrs F she'd need to speak to the someone in the End of Term team.

In the next call a few days later, BOS told Mrs F about the appointment of receivers, and that the next step would be an eviction date. BOS asked Mrs F to send it the memorandum of sale, so that it could take this into account when considering next steps. Mrs F attempted to send this on several occasions, with BOS telling her it hadn't been received despite her having sent it to the e-mail address she'd been given.

Later in November 2024, Mrs F made a complaint to BOS. In summary, she said BOS had

failed to notify of her of the arrears on the account and the action that was being taken, in terms of the appointment of receivers and what followed. She conveyed her vulnerabilities, and said that BOS's actions represented a breach of several rules and regulations.

Mrs F said that BOS was responsible for the sale falling through, as the buyer had pulled out after finding out about the action BOS was taking. She said she'd been living on her daughter's sofa for three years and was otherwise in a very difficult situation due to the financial abuse inflicted by the joint party. She asked BOS for £25,000 in compensation to provide essential relief to help her secure rental accommodation.

BOS didn't uphold the complaint on the substantive issue, as it didn't think it had acted unfairly. It did though send a cheque for £50 for customer service related issues.

Mrs F remained unhappy and referred the complaint to the Financial Ombudsman Service. After being notified of this, BOS told us it had reviewed its position and found there were elements of communication and service that had been lacking. It maintained that it didn't think it had caused any financial losses, but offered a further £500 in compensation for any distress and inconvenience caused, and said it was arranging for the receivers to be stood down.

An Investigator here issued an assessment of the case. In summary, they agreed with BOS that it should've handled things better. The Investigator said that as well as standing down receivers, BOS should also remove all costs relating to the appointment of the receivers. They also said compensation should be increased to £750, given the impact of BOS's shortcomings on Mrs F, given her difficult circumstances.

BOS agreed with this outcome. However, Mrs F did not. In summary, she said the compensation figure of £750 wasn't enough, given her circumstances, and that BOS was responsible for other losses. She said a sale of the property for £350,000 had been agreed, and provided evidence from the Estate Agent that the buyer had pulled out of the sale on 2 December 2024.

Mrs F said that, in the circumstances, BOS should either retain the property and pay her £150,000 which she would've had if the sale had gone through, or give the property back, but substantially increase the compensation amount.

After considering matters further, the Investigator issued another assessment on the case. In summary, they still didn't think BOS was responsible for any financial losses. But said that as well as standing down receivers and removing all associated costs, BOS should make Mrs F the primary account holder, and increase the compensation for distress and inconvenience, to £1,000.

BOS accepted this outcome, and told us that it has paused any further action until February 2026. Mrs F did not. She said the approach taken by both BOS and the Financial Ombudsman Service had severely impacted her health. She set out the ongoing impact of what had happened, including issues being able to meet costs in relation to divorce proceedings. She said it was wrong to say BOS hadn't caused the sale at £350,000 to fall through, and that a distressed sale was likely to be for only £280,000.

She said BOS should be made to pay £35,000 straight away, to cover various costs.

As the matter remains unresolved, it has been passed to me to make a final decision.

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've reached the same overall outcome as the Investigator, for broadly the same reasons. Before I explain why, I first want to acknowledge what Mrs F has told us about her circumstances, including in relation to being a victim of abuse and suffering from ill health. It's clear she has needed to deal with some very challenging circumstances.

I first want to set out the purpose of my role. It isn't to address every single point that's been made to date. Instead, it's to decide what's fair and reasonable given the circumstances of this complaint.

For that reason, I'm only going to refer to what I think are the most salient points when I set out my conclusions and my reasons for reaching them. But, having considered all of the submissions from both sides in full, I will continue to keep in mind all of the points that have been made, insofar as they relate to this complaint.

Mrs F has referred to several rules and regulations she believes apply to BOS's treatment of her. I've taken account of everything she's said, though point out that with the mortgage in question being an unregulated BTL mortgage, neither MCOB nor the Consumer Duty rules apply.

Although Mrs F's concerns are mainly about BOS, rather than the receiver, for clarity's sake I also set out that whilst the receiver was appointed by BOS, they were (as set out in the mortgage terms and conditions) technically acting on Mrs F's behalf. Accordingly, this decision only considers the actions of BOS.

There is no dispute that BOS didn't handle things as well as it should. Over a period of many months, it didn't notify Mrs F of arrears on the account, and action it was taking, when it should have done. As such, the only thing I need to decide is what represents a fair way to put things right. This includes the extent of any financial losses that BOS can reasonably be said to have caused, and what is an appropriate level of compensation.

Financial loss

BOS has agreed to refund all fees applied that relate to the appointment of receivers. Because BOS didn't make Mrs F aware of arrears and action it was considering taking on the account, it deprived her of the opportunity to take action and to be clear with BOS about the steps she was taking to repay the outstanding balance. Whilst I can't be certain that BOS wouldn't have appointed receivers at some stage, I consider it fair for BOS to remove all fees and charges (and associated interest) that stem from the appointment of receivers.

Mrs F says the way BOS handled matters resulted in the sale of the property falling through. She says the sale was at an advanced stage, and the only reason the sale fell through was because the buyer found out about the action being taken, following the receiver becoming involved.

I've thought carefully about Mrs F's arguments here, but don't agree that BOS's actions can reasonably be said to have caused the sale to fall through, nor that BOS is reasonably liable for the various costs and losses Mrs F attributes to this.

First, whilst Mrs F has told us that the sale fell through as a direct result of the buyer finding out about the action initiated by BOS, I've not seen any further evidence to support this. The

copy of the e-mail from the Estate Agent in December 2024 simply confirms that the buyer has pulled out, not why.

It's also the case that the appointment of receivers doesn't prevent a property being sold. Even when receivers are in place, a property owner retains what's known as the "equity of redemption" – in other words, the right to repay the mortgage (including through the sale of the property) at any time. I can understand why in practice a potential buyer *might* have thought that a sale with receivers in place might be more complicated and so decide not to go ahead – but there's no evidence in this case that this was *actually* why the buyer pulled out.

And even if there was evidence to support that what happened with BOS was a contributing factor, I'm conscious that property sales are complex transactions and, until completion, there is inherent uncertainty about whether they will conclude. Property sales can and do fall through for several reasons.

I'm also conscious of the fact the mortgage term had ended in 2022. Whilst sympathetic to Mrs F's circumstances, and accepting that these may have contributed to why the mortgage wasn't repaid at the end of the term, under the contract (which being BTL was a commercial arrangement), both borrowers were responsible for ensuring the balance was repaid at the end of the term.

With all of these things in mind, I cannot reasonably conclude, and do not find, that BOS is responsible for any of the other costs and losses claimed by Mrs F.

Many of the costs claimed by Mrs F stem from her belief that BOS caused the sale to collapse. As I've said, I don't agree that BOS's actions can reasonably be said to have caused the sale to collapse. Mrs F has also mentioned various costs incurred by her representative, but the representative doesn't have a customer relationship with BOS in relation to this issue, so even if I thought BOS had caused the representative a loss (for the avoidance of doubt, I've not reached that conclusion) I couldn't make any such award.

Distress and inconvenience

I appreciate that Mrs F considers the £1,000 suggested by the Investigator to be an insult.

I've listened to recordings of the calls between Mrs F and BOS, including those where it became apparent that BOS had been taking action that Mrs F had previously been unaware of. As well as the inherent shock of finding out about the action BOS had initiated, I also consider that in the conversations Mrs F had with BOS after she had finally become aware of the issue, there were occasions when BOS could've shown more care towards her and been more helpful in terms of being clearer about the situation and the likely next steps.

I've also considered what Mrs F has said about the stress and worry caused by this overall situation, bearing in mind her difficult circumstances. While her wider circumstances weren't the fault of BOS, they do mean that the mistakes it made had a particular impact on her – and this is reflected in my award.

Within our guidelines for compensation awards, an award of £1,000 is appropriate where the impact of a business's mistake has caused substantial distress, upset and worry. I consider that's in line with what happened here, and a reflection of the significant impact on Mrs F, given her particular circumstances.

Other matters

I understand that concerns Mrs F has raised about communications to BOS being blocked, are being dealt with as a separate complaint, and fall outside the scope of this case. So, I won't comment on that matter further here.

At this point, I'd also remind Bank of Scotland of its obligations to treat Mrs F fairly going forwards. I encourage Mrs F to be as clear as possible with Bank of Scotland plc about her situation and intentions regarding the property, so that it can take this into account.

Putting things right

To put things right, Bank of Scotland plc must do the following:

- Adjust the account by refunding all fees and charges relating to the appointment of receivers, and remove any associated interest charged on those.
- Make Mrs F the primary account holder (if this hasn't been done already), and ensure that all future correspondence in relation to the mortgage, is sent to her.
- Pay Mrs F £1,000 in compensation for the distress and inconvenience caused to her. For the sake of clarity, this is in addition to the £50 BOS originally offered for customer service issues. If some or all of this has already been paid, it can be deducted from what still needs to be paid.

I've seen evidence the receivers have been stood down, but for the avoidance of doubt, this must happen if it hasn't already. But this will not prevent BOS appointing receivers in future, if the balance remains outstanding and it considers it is entitled to do so in the circumstances applying at the time.

My final decision

My final decision is that I uphold Mrs F's complaint about Bank of Scotland plc in part, and direct Bank of Scotland plc to do what I've said above under 'putting things right'.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs F to accept or reject my decision before 3 December 2025.

Ben Brewer
Ombudsman