

## **The complaint**

T complain that Handelsbanken plc mis-sold their commercial mortgage in 2018. They said that Handelsbanken led T to believe that once the initial term had ended (which was three years), the mortgage would be switched to a different facility with a term of 25 years. This didn't happen.

T is being represented on this case. But for ease I will refer to T throughout this decision.

## **What happened**

In January 2018, T took out a commercial mortgage with Handelsbanken on a three-year term. T then agreed to a new five year mortgage with Handelsbanken which had a three-year break clause in it.

Handelsbanken wrote to T in April 2024 to let them know they were exercising the break clause, and they required full repayment of the mortgage in November 2024 which was the three year anniversary of the mortgage.

T strongly believe that Handelsbanken mis-sold the mortgage in 2018 because they said they were led to believe that once the three-year term had ended, the mortgage would be switched to a different facility and the term would be extended, to allow for a 25-year term.

Handelsbanken didn't agree they had done anything wrong and said they never committed to a 25-year term and that would always depend on discussions with T at the end of the three-year term.

T brought the complaint to the Financial Ombudsman Service where it was looked at by one of our investigators who didn't uphold the complaint. The investigator didn't think that Handelsbanken mis-led T when the initial mortgage was taken out in 2018. He also didn't think they acted unreasonably by requiring the mortgage to be fully repaid by November 2024 either.

T didn't agree and in summary, made the following comments:

- They said that Handelsbanken haven't adhered to the Financial Conduct Authority's (FCA's) Principles for businesses, namely, treating customers fairly and providing clear information.
- They said that if Handelsbanken had affordability concerns, they should have told them as they could have taken rapid steps to reduce the debt.
- T believe the terms of the borrowing were misrepresented and it's clear they thought they would be getting a 25-year agreement.
- T had a verbal agreement which was more explicit and confirmed this at the time.

As T disagreed, they asked for the complaint to be reviewed by an Ombudsman, so it's been passed to me to decide.

## **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, while I'm sorry to disappoint T, I agree with the outcome reached by the investigator, and I'll explain why.

During the negotiations in 2017 and 2018 that T had with Handelsbanken, it appears that T were looking for a longer-term mortgage of 25 years. However, the indicative terms that I have seen from 2017 clearly state a term of three years.

I have also looked at the 2018 mortgage agreement and this also shows a three-year term which both parties agreed to. It seems that both parties accept that after the three-year period, or at least before that period ends, discussions would take place to see if it would be appropriate to switch the facility in order to provide a longer term. But from what I can see, this was always going to be based on reviews and discussions and not something that was or looks to be guaranteed.

I appreciate that T said verbal agreements were made and I can't dispute that as such, but the evidence I have been given is evidence I need to take into account where there is nothing that confirms this was the case. And the agreements which I will come on to after – confirm the same.

From the information that's been provided, T remained concerned by the three-year term in early 2018 which they shared with Handelsbanken. On 3 January 2018, Handelsbanken responded to T's concerns and the email does say that towards the end of the term further plans will be discussed and the loan will be structured in line with those plans.

Handelsbanken also said there would be no point entering into a three-year relationship and then look to exit and if they couldn't envisage a long-term relationship with T they wouldn't enter one at all. However, it was made clear that any changes would happen once discussions had taken place, and the facility was set up for a term of three years only.

T believe that the discussions they had with Handelsbanken in 2017 and 2018 meant that Handelsbanken had committed to a term of 25 years. But I haven't seen anything that suggests this was the case. I appreciate that this is the term that T were looking for, but Handelsbanken always made it clear that discussions would take place towards the end of the three-year term.

The email from January 2018 doesn't commit to a 25-year term and I've not seen anything that guarantees or suggests this was going to happen. So based on this, I can't agree that Handelsbanken mis-led T in 2017 or 2018 that they'd agreed or committed to a 25-year term.

If T were not comfortable with the lack of certainty post three years, they could have rejected the mortgage offer if they wanted to – but they didn't. This tells me they were willing to accept the fact that they had to renegotiate in three years' time.

T then entered into another agreement in 2021.

The loan agreement says the following under the loan term:

*"five years from the date on which the Loan is made, subject to the date on which the final Interest Payment Date occurs, subject to the provisions of clause 11, under which the Bank has the right to ask for the Loan to be repaid on the third anniversary of the date on which the Loan is made".*

Clause 11 – Bank option to cancel Facility then states:

*"The Borrower acknowledges and agrees that the Bank shall have the right on the Break Date, after having given at least three months prior written notice to the Borrower to cancel the Facility with effect from the date which is the Business Day on or nearest to the Break Date. In the event that the Bank shall exercise such right the Facility shall be cancelled with the effect from the date specified in such notice and the outstanding Loan, together with all interest accrued thereon, any and all fees (including any prepayment fee, and Administration*

*Fee, if relevant), costs, expenses and any other sums due under this Agreement shall become immediately due and payable by the Borrower to the Bank.”*

Having read through the agreement, I think this was clear that the facility was set up for five years but with a break clause which allowed Handelsbanken to exercise breaking the contract after three years – as long as they gave at least three months’ notice to allow T to refinance elsewhere.

Handelsbanken sent a letter to T dated 8 April 2024 referring to the agreement made on 30 November 2021 and explained they will cancel the facility on the break date which is 30 November 2024. On this date the loan became due and had to be repaid in full.

I understand that T wanted to negotiate a longer term which is what they thought they would be getting, but having looked at the agreement, I cannot see that Handelsbanken have done anything wrong. The terms of the facility were made clear from the outset which also highlighted their right to exercise the break clause with no reason given.

Our investigator highlighted that they had seen the underwriting notes that Handelsbanken had provided and alluded to the fact that there were some affordability concerns – but even taking that into account, he didn’t think that Handelsbanken had done anything wrong.

I have taken a look at this and I agree. They did review the facility and T’s account and were not happy to continue with that relationship. Whether there were any concerns or not, they still had the right to exercise the break clause and didn’t have to have any discussions with T about this and the agreement made the terms clear.

This was an unregulated business loan with terms and conditions that both parties had agreed to. The agreement highlighted the clause, and sufficient notice was given to T that Handelsbanken were going to exercise the break clause. This isn’t an unusual term in unregulated business lending and I’m satisfied that Handelsbanken exercised this fairly.

I therefore can’t conclude that Handelsbanken have breached any FCA principles or guidelines as we’d expect information to be made clear in all circumstances and I am satisfied that it was.

### **My final decision**

For the reasons given above, I don’t uphold this complaint.

Under the rules of the Financial Ombudsman Service, I’m required to ask T to accept or reject my decision before 22 October 2025.

Maria Drury  
**Ombudsman**