

The complaint

Mr X's complaint relates to a mortgage he has with Charter Court Financial Services Limited trading as Precise. He feels that he has been treated unfairly as Precise has refused to provide him with a preferential interest rate product, has charged him excessive interest, and has provided him with poor service, especially in light of his vulnerabilities. Mr X is also concerned about the balance of his account, as he thinks it should be lower, given the payments he's made so far.

What happened

Mr X took out his mortgage with Precise in 2017. He borrowed around £218,000, including fees, on a repayment basis over 35 years. A fixed interest rate product was attached to the mortgage when it was taken out, which expired in 2019. The mortgage offer confirms that at the end of the product, the mortgage would revert to a variable interest rate.

The first payment missed to the mortgage was in late 2018. From the Spring of 2019 payments began to be erratic – sometimes more than the contractual monthly payment (CMP), sometimes less and regularly as partial payments spread over the payment month. As a result, arrears built on the mortgage, which reached in the region of £8,000.

At the end of 2022 Precise placed Mr X's mortgage on a forbearance fixed interest rate, which reduced the interest rate for two years. However, while Mr X was able to meet the monthly payments for the first few months, payments again became erratic and he paid less than was required in some months. Precise reviewed the situation and set up a further six-month concession to give Mr X time to sort out his finances – this changed the mortgage to interest-only and reduced the fixed interest rate further. This meant that Mr X was able to reduce the arrears on his mortgage. Precise gave Mr X a further two six-month interest-only and reduced interest rate concessions. This allowed Mr X to reduce the arrears on the mortgage further; to around £1,200.

When the last of the concessions was agreed with Mr X, Precise told him that it would be the last. Following that concession ending, the mortgage reverted to a repayment basis and the interest rate returned to the reversionary rate detailed in the mortgage offer. Precise asked Mr X to complete an income and expenditure (I&E) form, which showed that he had a shortfall of over £600 between his income and normal expenditure, including the mortgage on the repayment basis at the then reversionary interest rate. While Mr X wanted the mortgage to continue on an interest-only basis, Precise was not willing to agree that, given the outcome of the I&E. He complained about the situation and Precise responded, but it didn't uphold the complaint. Separately, Precise upheld Mr X's concerns about a system error that caused an arrangement to pay (ATP) to fail and the telephone contact that resulted in. £50 compensation was paid to Mr X for the inconvenience this caused him.

Mr X contacted this Service on 9 June 2025 to ask us to consider his complaint. One of our Investigators looked into it and concluded that we could only consider parts of the complaint. He explained that any complaint issues that had been addressed in the final response letters between June 2021 and July 2023 fell outside of our jurisdiction because Mr X had not contacted us within six months of the letters. However, we could consider Mr X's concerns

about not being offered a new interest rate product and the service he had received after getting into financial difficulties. The Investigator then considered the merits of those parts of the complaint, but he did not recommend that they be upheld.

Mr X didn't accept the Investigator's conclusions about our jurisdiction or the merits of the parts of the complaint considered. He asked that the complaint be referred to an Ombudsman.

In relation to the parts of the complaint that'd had their merits considered, he said that Precise's notes should not be treated as a complete or reliable reflection of his case, as it was not in Precise's interest to record promises that it knew when making them would not be honoured. He said was assured on several occasions that if he reduced the arrears to under £2,000 he would be given a new interest rate product, but this is not reflected in the call notes. Furthermore, Mr X said that Precise's refusal to give him a new rate on the grounds of affordability were contradicted by his payment history, which he believes shows that he has been able to maintain payments far in excess of those that would be needed under a fixed interest rate product. Mr X also highlighted that despite having completed an I&E form in March 2025 after the last concessionary interest rate and interest-only period ended, Precise had not contacted him to discuss the situation. In summary, Mr X said that his complaint was not about isolated historic grievances, but about an ongoing pattern of unfair treatment that has left him paying unsustainable sums, while being denied access to a fair and reasonable solution.

Subsequently Mr X provided a statement that showed he had continued to reduce the arrears on the mortgage to less than £300. He said that if he could afford the current payments, there was no justification for Precise to deny him a fixed rate product. While he had been told verbally, he qualified for a new product, he would have to apply through a mortgage broker, which he considers is unreasonable and places an unnecessary burden on him. Mr X considers that as Precise holds his financial information, there is no reason it can't just give him a product directly.

I issued a decision regarding our jurisdiction on 10 February 2026. I concluded that we could only consider:

- A call made relating to an ATP being broken when it had not been.
- The refusal to provide Mr X with a new interest rate product and the resultant interest rates applied after 28 July 2023.
- The service and support Mr X received from Precise due to his financial difficulties.

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.

While it is not a matter that Mr X specifically asked us to consider when he set out his complaint in June 2025, for completeness I will comment on the matter of the error in November 2024 that resulted in Mr X being told that the ATP had been broken, when it had not. Precise has accepted that it was an error on its part that caused this to happen, and which resulted in Mr X being called about the issue. So all I need to consider is whether what Precise has done to remedy the situation is sufficient. While I accept that unnecessarily being contacted would have been annoying for Mr X, I am satisfied that the £50 Precise has paid him is sufficient to compensate him for the inconvenience he was caused.

I now turn to the matter of Mr X wanting a long-term preferential interest rate product and Precise not offering him one. Initially, I would confirm that Precise conducts its business

through independent intermediaries for normal applications and alterations to existing accounts. Mortgage lenders are entitled to transact their business in this way. However, how Precise requires an application to be submitted is not the issue in this case. It is the fact that its normal policy is that it does not agree new rates being attached to a mortgage if a borrower is in arrears.

Most borrowers have reservations about attaching a long-term interest rate product to a mortgage that is in arrears. This is because most such products have early repayment charges (ERC) associated with them and, depending on the term of the product and the size of the mortgage, the ERC can be a significant sum. Where there are financial difficulties that may mean that the mortgage has to be paid off early, either due to the borrower needing to refinance or sell the property, or the property being repossessed, an ERC being payable could make the borrower's position worse. Given that Mr X hadn't managed to consistently pay the CMP for any significant periods since late 2018, had Precise received an application after July 2023 (even if Mr X had repaid the arrears), I am satisfied that it would have good reason to consider that accepting the application may not have been in Mr X's best interest. I would also highlight that the mortgage offer that Mr X accepted didn't mention that a replacement product would be offered or provided when the one in the offer ended.

As for the interest rate that was attached to the mortgage following Mr X's product ending in 2019, the mortgage offer detailed that the mortgage would move on to a reversionary rate and explained how it would be calculated. While the benchmark for that reversionary rate had to be changed due to the one in the offer ceasing to exist in the interim, it appears that Precise has done what it was meant to do. While Mr X has indicated he thinks the rate is very high, it appears to have been in line with the variable reversionary rates charged by other lenders in the same sector of the market as Precise.

However, none of the above means that there are no options for a borrower in financial difficulties, as Mr X was. The Mortgages and Home Finance: Conduct of Business Sourcebook (known as MCOB) sets out at MCOB 13 what lenders are required to do to help borrowers in arrears. A lender is required to explore ways to resolve an arrears situation, especially if the problem that created the arrears to begin with is one that looks to be short-term and capable of being resolved.

For long-term difficulties, as Mr X's were, a lender must also look at other ways to help, such as transferring a mortgage from capital and interest repayment to interest-only for a period, reducing or deferring interest for a period of time, or capitalisation of arrears. Balanced against that is the lender's obligation to ensure that any arrangement is affordable and sustainable. The requirement for a lender to try to help a borrower doesn't mean that a borrower should be given whatever they ask for, but rather the lender needs to determine if it can put forward any proposals that will actually help the consumer and not just postpone the inevitable if the mortgage isn't affordable and won't be going forward.

When Mr X started to have difficulties making payments he explained to Precise that the nature of his employment meant that work was variable and that it could take time for him to be paid at times. Precise accepted the explanation and moved the date that Mr X had to have made his payment further back in the month on two occasions, so that he could make payments as and when he could, and it did not trigger arrears letters or charges. It also, on numerous occasions, where Mr X told it that he wouldn't be able to pay the full CMP, set up an ATP so that again charges would not be applied. Various ATPs were entered into, where Mr X agreed to pay the CMP and an additional amount towards the arrears; sometimes they were complied with, but at other times insufficient was paid. It did not stop Precise from continuing to review the situation and doing what it could to assist Mr X.

At the end of 2022, Precise reduced the interest rate being applied to the mortgage to what would at that time have been around the same as many lenders were offering on fixed interest rate products. While Mr X managed to pay slightly more than the CMP for the first few months, he wasn't able to maintain the payments. So Precise reviewed the situation again and offered to temporarily change the repayment basis of the mortgage and reduce the interest rate to a level that Mr X would not have been able to obtain elsewhere. He made the necessary payments during that period and in most months made significant payments towards the arrears too. Further interest-only and reduced interest rate concessions were subsequently put in place. Again, these allowed Mr X to reduce the arrears on his account.

I am satisfied that in making the various concessions and ATPs during Mr X's financial difficulties, that Precise did what was required of it and what it could to help him get his finances and mortgage back on track.

By the end of February 2025, when the last concession ended, Precise asked Mr X to complete another I&E. Based on the information Mr X gave Precise, his income was over £600 less than he needed to cover his outgoings, including the mortgage without any concessions attached to it. By this point Mr X had been having difficulties paying his mortgage for over six years and the amount Mr X was paying remained variable on a month-to-month basis. While Mr X's situation had improved significantly since it was at its worst in 2020, the information that he was giving to Precise about his finances still showed that the mortgage was not affordable. Even if Precise had offered Mr X a new interest rate product as he thinks it should have, I am not persuaded that the I&E would have shown the mortgage to be affordable based on the income that Mr X had told Precise about.

As I explained above, a lender is required to help where that help is to the consumer's benefit. However, if the CMP that is actually due under a mortgage contract, without concessions, remains unaffordable despite all of the concessions and help provided, it is not unreasonable for no further concessions to be offered, as all that would do is delay the inevitable and potentially cause detriment to the borrower. Given that between March and May 2025, which are the months after the last concession and the date of the final response letter, Mr X had been unable to make the necessary payments under the mortgage, let alone pay anything towards the arrears, I am not persuaded that Precise was wrong not to offer further concessions.

I note that Mr X has said that since the final response he has paid the CMP and additional amounts that have reduced the arrears further. There might be a case, based on Mr X's current circumstances, for Precise to consider offering Mr X a new product now, were he to formally apply for one. However, it would appear that those circumstances have changed since Precise sent its June 2025 final response letter. As I have said above, I am only considering the events that occurred prior to that letter.

Mr X has said that he was told that he could have a new product if he reduced the arrears to a certain level and evidenced that he could maintain the payments needed to the mortgage. I think it entirely plausible that Mr X was told that if he cleared the arrears and evidenced ongoing affordability, he would be eligible for a new product. However, while Mr X had reduced the arrears significantly during the concessions granted, he had not evidenced that the mortgage was affordable on an ongoing basis. I say this because, as soon as the last of the concessions ended, Mr X was unable to pay the full CMP and arrears started to build again.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I am required to ask Mr X to accept or reject my decision before 13 March 2026.

Derry Baxter
Ombudsman