

## The complaint

Mr and Mrs J have complained about a second charge loan they have with Elderbridge Limited. They said that they have not been treated fairly and said specifically:

- They had been charged too much interest between 2004 and 2007.
- They had repaid the loan in July 2016 and so there shouldn't be a remaining balance.
- That following the refund of the premium for the Premium Protection Insurance (PPI) policy in 2009 (due to it being mis-sold) Firstplus and Elderbridge had continued to charge them interest on that amount.

## What happened

Mr and Mrs J took out a second charge secured loan in 2004 with Firstplus. They borrowed a total of just over £93,000 over a term of 25 years on a variable interest rate. At the time of the advance the interest rate was 8.4%. The advance included the premium for a PPI policy of slightly more than £18,000.

Mr and Mrs J experienced financial difficulties not long after the loan was advanced. In order to support them, Firstplus suppressed the interest associated with the loan from 2007 onwards. This meant that, while interest was still being charged on the loan balance, they didn't pay it when it accrued. Rather a separate balance was set up for the interest and all the payments Mr and Mrs J made went to reduce the arrears and the capital balance of the loan. The fact that the interest was kept separate from the capital balance of the loan, meant that Mr and Mrs J didn't pay interest on that amount.

In 2009 Mr and Mrs J's complaint about the sale of the PPI policy was upheld. Firstplus "refunded" the balance of their loan by the amount of the premium plus a sum equivalent to all of the interest that had been charged on that amount since the loan had been advanced. The amount of the premium was used to reduce the loan balance so that it was at the level it would have been had Mr and Mrs J taken out a loan of £75,000 in 2004. The interest refund, which would have been paid as part of their monthly payments, was partially used to repay the arrears on the loan and the remainder was refunded to Mr and Mrs J.

In January 2016 the loan was transferred to Elderbridge. The loan at that time had another 13 years remaining on the term.

Elderbridge issued a statement for the account the following month. This stated that the capital balance was just under £3,000, but it also said towards the end of the seven-page statement that the interest that had been charged on the loan had not been added to the balance and that this would not be done until the capital balance had been repaid. It was confirmed the interest balance at that time was just under £36,000.

Mr and Mrs J repaid the capital balance in July 2016. Following this, in January 2017, the suppressed interest was added back onto the capital balance. A legal charge was also added at that time. Elderbridge contacted Mr and Mrs J to start repaying the suppressed interest balance.

In 2017 Mr and Mrs J complained that part of the 2009 PPI complaint settlement was incorrectly deducted from the loan balance. They also complained that they were being told that there was an outstanding balance when they believed they'd repaid the loan in full in July 2016.

In 2018 this Service considered a complaint about Elderbridge pursuing Mr and Mrs J for the legal charge and suppressed interest that had been added back onto the account balance in 2017. We concluded that Mr and Mrs J had not been treated unfairly and that Firstplus had brought the suppressed interest balance to their attention in 2011. As such, the Investigator was satisfied that Mr and Mrs J would have known in 2016 that making the payment they did would not repay all of the monies they owed.

In February 2022 Mr and Mrs J complained about the interest rate on the mortgage – that the rate was unfairly high and it went up when other rates were going down. Firstplus didn't uphold the complaint, but it made a goodwill offer to reduce the loan balance by £369 and pay them £150 compensation for any inconvenience they'd suffered. This offer was based on what interest rate Firstplus had assessed Mr and Mrs J should have paid from 24 February 2016 to when the loan was repaid, had the interest rate reflected the general downward trend in interest rates after December 2008.

Mr and Mrs J weren't satisfied with the response and referred the complaint to this Service. One of my Ombudsman colleagues confirmed In January 2023 that we were only able to consider the complaint about the interest rates applied after 24 February 2016, although we would take into account what had happened before that. Subsequently, one of our Investigators concluded the offer made to Mr and Mrs J in relation to the interest rate variation was fair in the circumstances of their case.

In October 2024 Mr and Mrs J raised a new complaint with Elderbridge. They then referred it to us. One of our Investigators looked into it and confirmed that under our compulsory jurisdiction we wouldn't be considering the specific points that had been raised, and she also concluded that the events complained about didn't result in an unfair relationship between Mr and Mrs J and Elderbridge and so it didn't need to take any action.

Elderbridge accepted the Investigator's conclusions, but Mr and Mrs J didn't. They didn't agree with us not considering the complaint points under our compulsory jurisdiction and said that when the PPI policy had been found to have been mis-sold, they thought the loan should have been restructured with a starting balance of £75,000. They asked that the complaint be referred to an Ombudsman for consideration.

The Investigator considered Mr and Mrs J's further comments and responded to them. However, she was not persuaded to change her conclusions. As such, the complaint has been passed to me to consider.

On 20 October 2025 I issued a provisional decision setting out my conclusions about this complaint, along with my reasons for reaching them. Below is an excerpt.

*'I have considered everything Mr and Mrs J and Elderbridge have said, including their recent comments about our jurisdiction. Having done so, I am in agreement with the Investigator that I can only consider whether there was an unfair relationship between them and the lenders due to the complaint issues they've raised about the sale of the PPI policy and how the mortgage was administered, including the interest charged, after the loan was advanced.*

*In relation to the interest charged on the mortgage between 2004 and 2007, it appears that the mortgage was administered in line with the terms and conditions, in that interest was charged on a daily basis, and was added to the amount Mr and Mrs J owed. While they will*

*have paid more interest during this period than would have been expected when the loan was taken out, that was because they missed payments and so the balance they owed didn't reduce in the way that would have been expected. I don't consider that Mr and Mrs J were treated unfairly in this regard and in 2007 when their financial difficulties hadn't resolved, Firstplus suspended the interest on the loan, thereby preventing interest being charged on the unpaid interest balance. I can only find that this would rightly be described as Firstplus treating Mr and Mrs J fairly and that no unfair relationship was created from either it charging interest as it did or the suspension of interest in 2007. That's because this was a reasonable form of forbearance that reduced the interest charged, helped Mr and Mrs J repay the borrowing more quickly than they otherwise would have done, and stopped the balance escalating further because of the missed payments.*

*I have also considered whether the relationship between Elderbridge as the current lender and Mr and Mrs J is currently unfair because of the mis-sale of the PPI policy with the premium being added to the loan balance. I note that the premium and all interest charged on it was refunded, partially to the loan balance and partly to Mr and Mrs J, in 2009. So while the PPI may have been mis-sold, redress was paid at the time and so there is no lingering unfairness resulting from it that would make the relationship unfair now. I am not persuaded that any of the other issues Mr and Mrs J raised in their most recent complaint resulted in unfairness in the relationship between them and the lenders.'*

Mr and Mrs J did not accept my conclusions and said that they believed that they 'have been mistreated in a manner that had not only affected us personally but has also resulted in an unjust financial outcome.' They set out that they did not agree with my conclusions, but they provided no new comments or evidence, other than to say that they had not received the letter from 2011 and had been unaware in 2004 that they'd been sold PPI.

Elderbridge did not respond to the provisional decision, but I am satisfied it received it.

### **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.

Mr and Mrs J have said in their response to my provisional decision that part of their complaint in October 2024 was about the early rebate of interest that they were allowed under the contract – which had not been addressed by either Elderbridge or this Service. This is the first time that Mr and Mrs J have raised concern about a complaint point having been ignored by us or Elderbridge, so I have reviewed the copy correspondence from October 2024 that Mr and Mrs J provided to us. While they have referenced that a redemption figure given by one of the previous lenders included an interest rebate, that is the only reference to it – no specific concerns were raised about this issue. As such, I don't consider that a complaint point was raised and then not responded to as it should have been.

Mr and Mrs J would need to raise that issue with Elderbridge if they wish us to consider the matter. However, I would say that the interest rebate that they have raised is something that would only be applied if the loan was being fully redeemed. As Mr and Mrs J have not fully redeemed the loan, because the suspended interest that accrued still needs to be paid, such a rebate would not have been applied to the loan account.

I have considered what Mr and Mrs J have said and, while I acknowledge they remain of the view that they've not been treated fairly, in the absence of any new evidence, I haven't been persuaded to change my conclusions.

**My final decision**

My decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I am required to ask Mr and Mrs J to accept or reject my decision before 4 December 2025.

Derry Baxter  
**Ombudsman**