

## **The complaint**

Miss N complains about her mortgage with Skipton Building Society.

## **What happened**

Miss N took out a mortgage with Amber Homeloans in 2007. The mortgage was on interest only terms, with an initial two year fixed interest rate. Amber was a separate company, and separate lender. Though Amber was owned by Skipton, Miss N's mortgage was with Amber not Skipton. The mortgage is a joint mortgage between Miss N and her former partner, though only Miss N is party to the complaint.

Shortly after the mortgage was taken out, Amber stopped offering new mortgages. Miss N says that as a result it also refused to offer her new interest rates on her mortgage. And she wasn't able to move to another lender, as she wouldn't pass an affordability assessment. Once the initial fixed rate expired in 2009, Miss N had no option but to pay the higher reversion rate of Bank of England base rate plus 2.42%. She says that she's been in financial difficulty because of high mortgage payments ever since.

Miss N says that she discovered in 2013 that the original mortgage application from 2007 included forged signatures and incorrect information about her personal circumstances at the time. But Amber failed to identify these problems at the time. Miss N says she complained about this in 2013, without success.

Miss N says that in 2020 she received a letter directing her to sources of support for "mortgage prisoners", though the letter wasn't signed by Amber or on its headed notepaper.

In 2021, Skipton told Miss N that the mortgage had been transferred from Amber to Skipton. She again tried to re-mortgage to a new lender, again without success, in 2022 and 2023.

In 2023, Miss N brought a complaint about Skipton to the Financial Ombudsman Service. She also took a new fixed interest rate with Skipton, beginning in October 2023. Another ombudsman said that Skipton ought to have offered her a new fixed rate in July 2022, so she said Skipton ought to compensate her for additional interest paid as a result – both between July 2022 and October 2023, as well as based on the difference between those two rates from October 2023 until the July 2022 rate would have expired. The ombudsman also said Skipton should refund a fee she had paid for mortgage advice in 2023 and pay her £1,000 compensation for distress and inconvenience. Miss N accepted that decision so it was binding on Skipton.

More recently, Miss N has brought this complaint. She says that this is an interest only mortgage and she has no means of repaying it. She's just discovered that the mortgage application includes a box ticked to say that the property would be sold at the end of the term – Miss N says she didn't agree to that or tick that box. This is another example of how the original application was forged. Had she not been trapped with Amber, she would have paid off much of the capital by now. But now she is approaching the end of the term with the full balance still outstanding, increasing monthly payments, and facing having to sell her home.

Miss N says that the original mortgage offer is contradictory – saying in one place that the repayment strategy was not known to Amber and in another place that it was sale of the property. She did not agree to sell the property and that was never discussed with her. Amber failed to verify that there was an appropriate repayment strategy in place.

Miss N says that Skipton should be held responsible for her situation. Amber was a wholly owned subsidiary and the mortgage has now been transferred to Skipton. Even before then, as Amber's owner Skipton would have been ultimately responsible for what Amber did or failed to do.

Miss N said that she wanted answers to the following questions:

- Should a mortgage applied for using forged signatures and false information be enforceable?
- Whether Skipton, as Amber's owner, had a responsibility to step in sooner.
- Whether Miss N came within the definition of a mortgage prisoner.
- Whether Miss N was ever properly informed or advised about the need for a repayment strategy.
- Why she was not told of the relationship between Amber and Skipton from the outset.
- Whether she should be compensated for the ongoing financial, mental and emotional distress caused by her situation.

Skipton said that while it owned Amber, Amber was a separate company in its own right. It was only in June 2021 that Miss N's mortgage moved from Amber to Skipton. It said that Amber wasn't an inactive lender while it owned the mortgage – it only became inactive on 1 June 2021, when its mortgages were transferred. It said any matters before the transfer were the responsibility of Amber. It said that the original mortgage application was made through a broker, so any complaint about what was said at the time would need to be directed to the broker.

Skipton said that since it took the mortgage over it had always made clear it was interest only and not repayment. It said that Miss N was not a mortgage prisoner, because she was able to take a new interest rate with Skipton or explore moving to another lender. It said that it could have offered Miss N the option of speaking to a mortgage adviser to explore her options, and offered £150 compensation for that.

Our investigator didn't think the complaint should be upheld, so Miss N asked for it to be reviewed by an ombudsman.

### **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'm sorry to hear about Miss N's situation. I'm sure it must be very worrying for her. I've thought very carefully about everything she's said. But I'm afraid I don't think I can fairly uphold her complaint.

I'll start by dealing with Miss N's complaint about what happened when the mortgage was initially set up with Amber, in 2007. Miss N says that the application contained forged

signatures and incorrect information, which ought to have been picked up at the time. She also says that she didn't agree to sell the property, that the offer is contradictory, that the lender failed to carry out proper checks, and that the loan isn't enforceable as a result.

In terms of the enforceability of the loan, whether a contract is enforceable as a matter of law is, strictly speaking, something for the courts to decide rather than me. But there doesn't seem to be any dispute that Miss N did in fact borrow the money from Amber, and therefore it's fair and reasonable to expect her to pay it back.

Miss N says she complained about the issues with the application form when she discovered them, in 2013. She says we didn't uphold her complaint at the time. The Financial Ombudsman Service only retains information about closed complaints for six years so we no longer have a record of that complaint. But I've no reason to doubt what Miss N says.

I've also seen that Miss N complained to Skipton about forged signatures on the application form, and Skipton responded to that complaint on 2 September 2022. It said that any issue with the application form was a matter for the broker that arranged the mortgage. It also said that there was a deadline of bringing that complaint to us of six months from the date of its response – and that if Miss N didn't refer the complaint to us in time, it wouldn't consent to us looking into it.

Under our rules, a complaint must be brought to us within six months of the date the firm responds to it. If it's referred outside the time limit, and Skipton doesn't consent to us looking at it, then we have no power to consider the complaint unless there are exceptional circumstances which explain why it wasn't brought to us within the deadline. I'm not aware of any exceptional circumstances that apply in this case.

I can't therefore consider the complaint that the application was made based on forged signatures. And in any case, even if it wasn't out of time based on the 2022 final response, it appears Miss N did complain to us about that in 2013 – we wouldn't generally revisit a complaint we've already considered.

I also don't think we can consider the rest of Miss N's complaint about what happened when the mortgage was originally taken out. Another time limit rule says that complaints must be brought within six years of the date of the event complained of, or – if later – within three years of when the complainant knew, or ought reasonably to have known, of cause for complaint.

The mortgage was taken out more than six years ago. And I'm satisfied that Miss N knew, or ought reasonably to have known, of cause for complaint more than three years before she did in fact complain. She's clearly known that the mortgage is on interest only terms for many years. She's had the mortgage offer – which says in one place that the mortgage is to be repaid by sale of the property, and in another that the lender isn't aware of how it will be repaid – since the start of the mortgage. She's been complaining about the content of the application form for many years, so she clearly had that too.

I'm not persuaded that there is any new information material to her complaint that Miss N only became aware of in the three years before she made this complaint. I'm satisfied that Miss N knew, or ought reasonably to have known, of cause for complaint about the things she's now complaining about more than three years before she did in fact complain.

Because Skipton doesn't consent to us considering her complaint if it's out of time, and because there are no exceptional circumstances to explain the delay in complaining, I therefore can't consider any part of Miss N's complaint about what happened when the mortgage was taken out.

In addition to the issue with the time limits, much of what Miss N is complaining about was not the responsibility of the lender, but of the broker, at the time. It was up to the broker to ensure that the lender was given correct information – a lender can rely on what it's told, unless there's good reason to doubt it. It was up to the broker to make sure Miss N understood the nature of the mortgage she was taking out, understood how it worked, and understood the risks – including the need to have a repayment strategy in place to repay the mortgage at the end of the term.

Miss N says that this isn't just an issue about what happened in 2007. It's an ongoing issue, because the concerns she's highlighted mean that the mortgage is unenforceable, and because she's currently faced with the possibility of losing her property if she can't repay the mortgage at the end of the term.

I've explained above that it's not for me to say whether the mortgage is enforceable or not as a matter of law. But it's not in dispute that Miss N did take the mortgage out, and so it's fair and reasonable to expect her to repay it. Even if there was a problem with the lending decision in 2007 – which isn't something I can consider – that wouldn't mean that the mortgage should be written off or that Skipton can't recover the outstanding balance.

Miss N also says that she's only recently become aware that Skipton had overall responsibility and should have stepped in sooner. But I'm afraid that's not correct. Skipton and Amber are separate firms, separate legal entities. It's true that Skipton owned Amber, and it seems that some staff operated across both firms. But that doesn't make them the same firm, and it doesn't mean that Skipton is responsible for Amber's mortgage lending. They were separate firms, each separately regulated in their own right, and each separately responsible for their own customers and lending. This is the same as any other banking group made up of more than one firm.

Miss N refers to an email from 2019 that she's recently seen. This email relates to a request to consider removing the other party from the mortgage and porting the mortgage to a new property. Miss N says that this is evidence that Skipton was making decisions about her mortgage. But I don't think the email does show that.

While the staff member who sent the email had a "@skipton.co.uk" address, all that means is that they were working within the Skipton group – which included Amber. The staff member's job title, as set out in their email signature, is "Senior Specialist Lending Consultant, Specialist Lending – Amber Homeloans / North Yorkshire Mortgages" (North Yorkshire Mortgages was another firm in the Skipton group). They were working for Amber, not Skipton. And the email merely says that Amber would be willing to consider an application; it doesn't make a decision on what any application would be.

I don't think this is evidence that Skipton, not Amber, was controlling Miss N's mortgage before the transfer in 2021. It's also not incompatible with Amber being a closed book lender at the time – that means it didn't offer new mortgages to new customers, but it doesn't necessarily mean that it wouldn't agree to make changes to existing mortgages such as porting and changing borrowers. As the email said, Amber would consider that – subject to Miss N making an application once she'd found a new property and her circumstances coming within Amber's criteria.

I don't therefore agree with Miss N that Skipton had any responsibility to her or any obligation to take action before the mortgage was transferred to it in June 2021. Nor was there any obligation to inform her about Amber's ownership structure. Until then, Amber was her mortgage lender and it was Amber that was responsible for managing it and treating her fairly. I'm not persuaded that Miss N's current situation is because of any failures on Skipton's part in the period before the loan was transferred from Amber to Skipton.

Since the loan has been with Skipton, Miss N hasn't been what's commonly understood to be a mortgage prisoner – that is, someone up to date with their payments but who can't take a new lower interest rate with their existing lender or a new lender. While the loan was with Amber, Amber didn't offer Miss N any new interest rates. But during much of that period, when Bank of England base rate was low, Miss N was paying a relatively low interest rate and not one significantly higher than other lenders would have offered. And since the transfer Skipton has made new interest rates available to her.

I do appreciate that Miss N has an interest only mortgage and that she can't move to a repayment mortgage, either with Skipton or with another lender. But I don't think that's because of any barriers Skipton has put in her way, or that it results from anything Skipton did wrong. I appreciate that following the financial crisis lending standards were tightened and so it was difficult for Miss N to move her mortgage elsewhere on a repayment basis, especially after her circumstances changed in around 2013.

But I'm not persuaded those wider market conditions, or the impact that had on her, was because of anything Amber did wrong or that Skipton should be held responsible for. It appears that the higher payments of a repayment mortgage would simply be unaffordable – but that's the result of Miss N's personal circumstances rather than because of anything Skipton has done.

For those reasons, I don't think I can fairly require Skipton to compensate Miss N. While I don't doubt she's in a difficult situation, I can't fairly find that this was because of anything Skipton did wrong in respect of the matters Miss N has asked us to look into. I note that Skipton offered Miss N £150 when it looked at her complaint for not offering her the chance to speak to a mortgage adviser in 2023. That's not an issue Miss N asked us to look into when she referred the complaint to us. I've therefore not made any findings about that. If Miss N now wants to accept that offer, she'll need to let Skipton know.

The underlying issue that's led to this complaint is that Miss N has an interest only mortgage, where the end of the term is approaching and she has no means of repaying the capital. That's a very difficult and worrying situation for her to be in. I'd urge her to take financial advice about things and see what options might be open to her.

And regardless of what has gone before, as the current lender of her mortgage Skipton has ongoing obligations to treat Miss N fairly. That includes understanding her situation and working with her to see if there is a solution that will enable the mortgage to be repaid – and showing appropriate forbearance if not. I hope Miss N is able to find a way to resolve things.

### **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 Miss N to accept or reject my decision before 3 March 2026.

Simon Pugh  
**Ombudsman**