

The complaint

This complaint's about a buy-to-let (BTL) mortgage Miss S holds with Bank of Ireland (UK) Plc (BOI). The complaint relates primarily to how BOI has dealt with Miss S's requests for help during an extended period of financial hardship.

What happened

The broad circumstances of this complaint are known to both parties. I'm also aware that the Investigator issued a detailed response to the complaint, a copy of which has been sent to both parties, and so I don't need to repeat all the details here. Our decisions are published, and it's important that I don't include any information that might result in Miss S being identified.

Instead, I'll give a brief summary of the key events in my own words, rounding figures where necessary, and then focus on giving the reasons for my decision. If I don't mention something, it won't be because I've ignored it. It'll be because I didn't think it was material to the outcome of the complaint.

The BTL mortgage started in 2008; the original amount borrowed was £43,500 on a 25-year term, repayable on an interest-only basis. An initial interest rate product set the interest rate 1.25% over Bank of England Base Rate (BoEBR) until 31 August 2011. Since then, the rate has been set at 2.25% over BoEBR.

In 2021, Miss S asked BOI to lend her some more money on the mortgage to fund repairs to the mortgaged property; this was declined due to some recent issues with payments. Miss S would make similar requests in subsequent years, and they were rejected too. From the start of 2022, Miss S' struggles with the mortgage payments worsened, due to a change in her financial situation. An income and expenditure(I&E) analysis carried out at the time revealed a significant deficit, before taking account of the BTL mortgage payments.

BOI made efforts to contact Miss S through 2022, but next heard from her in January 2023, when she told it her partner had died, and she had lost his contribution to household finances. BOI agreed a 30-day hold on recovery action. Through 2023, BOI was contacted by third party organisations looking to support Miss S; on both occasions it sent third party authorisation forms for completion. By December 2023, with the arrears rising and having received no contact, BOI wrote to say it was planning to conduct a property check.

This elicited a response from Miss S' representative, and another 30-day hold was put in place for Miss S to complete a new I&E analysis. However, Miss S' representative contacted BOI periodically during 2024 to say to say an I&E analysis wasn't possible because Miss S' circumstances were changing. In June 2024, the representative reported not being able to contact Miss S; BOI referred the account for litigation.

In July 2024, Ms S sent BOI a new tenancy agreement and asked to discuss a possible payment arrangement. She also made a complaint about how she'd been treated, including being turned down again for further borrowing. An agreement was reached for Miss S to pay £24 extra per month, and in August 2024, BOI adjourned its legal action and said it would

remain that way if the arrangement was maintained. The arrangement was covered in August and September 2024, but arrears began to grow again from October 2024.

Miss S complained that litigation charges had added to the arrears balance; BOI said this wasn't the case, and the litigation was likely to resume if the arrears weren't addressed. Miss S referred her complaints to us in January 2025. The case is with me now because our Investigator doesn't think BOI has treated Miss S unfairly.

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, what follows are my conclusions on the three broad strands to Miss S' complaint.

BOI refused requests for further borrowing

Miss S' first request was made, and declined, in 2021, and her complaint about that was addressed in a final response dated 11 August 2021. Under our rules, that gave Miss S until 11 February 2022 to refer the complaint to our service. She didn't do so, and I'm not persuaded exceptional circumstances prevented her from doing so.

However, Miss S is essentially making two complaints. One is that the borrowing was refused - and that is time-barred as set out above. But, there is alongside it a separate complaint that the refusal created an unfair relationship between BOI and Miss S. The final response of 11 August 2021 didn't address the separate complaint, so I can consider it in that context. On balance, however, and having considered the circumstances at the time, I'm not persuaded that's the decision to refuse further borrowing created an unfair relationship.

Lenders aren't obliged to lend more money to borrowers. What they are required to do is assess such requests by applying their lending policy fairly. I think BOI did that in 2021. Miss S had already had some payment problems, so I don't think it was unreasonable of BOI to conclude that lending more money was likely to be unaffordable. I've reached the same conclusions, for broadly the same reasons, on the later requests for additional borrowing that aren't time-barred.

Miss S hasn't been given "breathing space"

This subject was addressed in a more recent final response from BOI, which wasn't caused by the six-month time limit in our rules. This isn't something that lender offers pro-actively to borrowers in difficulty. Requests for breathing space need to be made to a lender via a regulated debt advice service or local authority. It is for the advice provider to judge whether such an application should be made. There's nothing to suggest BOI has ever received such a request. If Miss S wished to make one, her starting point would be to consult a debt advisor.

BOI's decision to pursue legal action, and apply the costs of doing so to the mortgage balance

This subject was also addressed in a more recent final response from BOI, which wasn't caused by the six-month time limit in our rules. I think it's fair to say that BOI didn't rush to start legal action before exploring other options. It spent 2022, 2023 and much of 2024 trying to explore other solutions before concluding, as a last resort, that recovering the debt through its security was necessary. The costs of pursuing that action were added to the

mortgage balance (but **not** to the arrears balance) as is permitted under the mortgage contract, and I don't think it was unreasonable for BOI to have done that here. As I've already said, it had considered most other options first.

One alternative would have been for BOI to appoint Law of Property Act (LPA) Receivers to manage the property. But the available evidence suggests that this route would have resulted in higher costs than litigation. Also, whilst this could not have been known at the time, appointing LPA Receivers would in all likelihood have led to an earlier possession, which would have prevented Miss S securing a new tenant.

That begs the question of what happens next. As I understand it, the mortgage is still in arrears, but Miss S has a tenant paying rent. So there needs to be a dialogue between the parties about how best to take thing forward. Whilst I can't tell Miss S what to do, it seems to me that the best way to achieve a positive outcome is for Miss S to provide BOI with a full and up-to-date I&E analysis, and to do all she can to keep making her monthly payment in full.

My final decision

My final decision concludes this service's consideration of this complaint, which means I'll not be engaging in any further discussion of the merits of it.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss S to accept or reject my decision before 15 December 2025.

Jeff Parrington
Ombudsman