

The complaint

Mr M and Mrs K complain about how Bank of Scotland plc ("BoS") dealt their request for a new mortgage deal. They said the advisor, who wouldn't offer them a new, lower interest rate because of affordability concerns, had made very serious mistakes.

What happened

Mr M and Mrs K told us they felt that BoS had dealt with their mortgage in an unethical and incompetent way, which caused arrears to build up on their mortgage.

Mr M and Mrs K said they spoke to BoS on 24 July 2024, shortly before their existing fixed interest rate deal on their mortgage was due to end in August. They said before this, they had never had any missed payments or problems with the mortgage.

Mr M and Mrs K said they discussed a new mortgage deal with the advisor on this call, but they said BoS' agent chose to deny them an affordable rate, instead forcing them onto the standard variable rate ("SVR") of over 9%, which meant arrears started to accrue and they became mortgage prisoners. They said the advisor refused them any other product.

Mr M and Mrs K said they had seen a temporary reduction in their household income, because one of their businesses had closed after the pandemic. But they said they had plans in place to deal with this, with the sale of a different property and another business. Mr M and Mrs K didn't think this was the problem with the call, they said the advisor had no customer service skills and they thought she'd taken a personal dislike to them. Mr M and Mrs K later said that they thought the advisor had discriminated against Mr M, because of a health concern which I don't need to name here.

Mr M and Mrs K thought that it was because the advisor became impatient that she wouldn't offer them a mortgage deal, but instead told them to speak to a different team in BoS. They said the advisor then wouldn't speak to them any more.

Mr M and Mrs K said their mortgage then went onto the SVR, and this meant their payments went up from under £1,000 a month to around £3,500. They kept paying the mortgage at the previous rate, and arrears accrued. BoS said it was going to take legal action, so they borrowed money from family to clear the arrears. They then complained to BoS, and it did adjust their mortgage, but they said what it had done didn't go far enough.

BoS said it accepted it had made some mistakes here, but it thought it had done enough to put things right. BoS didn't think that it was the call with the mortgage advisor on 24 July 2024 where things went wrong. Rather, it said it didn't think Mr M and Mrs K had been given enough help, when they then spoke to its specialist team, on the Payment Assistance Line. They had taken out a payment arrangement for three months, reducing the monthly payments that BoS was expecting to receive, but their mortgage went onto the SVR in August. This meant the underlying interest rate on their mortgage rose substantially, and so the mortgage entered significant arrears. BoS considered legal action.

BoS said that in November 2024, it had agreed another payment arrangement, to run from November to January. And it had put Mr M and Mrs K's mortgage onto a new fixed interest rate deal from December 2024, reducing the monthly interest they were charged. Because BoS recognised that they were in a difficult financial position at the time, it had been able to do that without offering advice to them, and waiving any Early Repayment Charge ("ERC") if they did need to sell the property before the fixed interest deal came to an end.

After this payment arrangement ended, BoS said it tried to contact Mr M and Mrs K. But with no response to its letters or texts, it instructed a field agent to visit. It was then that Mr M and Mrs K made this complaint.

BoS said it felt it should have done more when Mr M and Mrs K first spoke to its Payment Assistance Line. So it said it would take some steps to put things right. It had arranged for the rate they had taken out from December 2024 to be backdated to 1 August, when they first went onto the SVR. It did that even though the rate Mr M and Mrs K had taken up in November was lower than the rates available in August.

Backdating that rate meant Mr M and Mrs K's mortgage was no longer in arrears, in fact it was then in credit by a little more than £800, mainly because Mr M and Mrs K had made a large lump sum payment of almost £9,000 in March 2025. BoS paid them £850 in compensation, it amended their credit files to reflect this backdated rate, and it said they could have the overpaid amount back, if they would like.

BoS also agreed at the time that it hadn't made sufficient efforts to contact them before a field agent was asked to visit them, although it now says that the letters and text messages it sent were sufficient to notify them of the need to get in touch with the bank.

Mr M and Mrs K weren't happy with the steps BoS had taken. They said they thought they should be paid more compensation, they wanted one of the lower interest rates which had become available since November 2024, and they said they also thought BoS should pay them back the lump sum payment they'd made to avoid legal action by BoS. They said they had borrowed this from family and needed to repay that lending. Mr M and Mrs K also said that their plans to sell property and a business hadn't yet come to fruition, so they wanted a payment holiday of between six and twelve months, to give them some further breathing space.

BoS said it had already offered Mr M and Mrs K the lower of the rates available between July and November 2024. It wouldn't now apply a more recent rate to their mortgage. And it wouldn't pay back the lump sum they had paid, because that would put their mortgage back in arrears, and once more at risk of legal action. It wouldn't give them a payment holiday, because even after it had reduced the interest rate on their mortgage, they had still recently been in arrears. They had also told BoS that they were in financial difficulties, and a payment holiday wouldn't be appropriate in those circumstances.

Our investigator didn't think this complaint should be upheld. He thought BoS had responded fairly to the complaint Mr M and Mrs K had made. Our investigator said that BoS' advisor hadn't recommended a new mortgage deal for Mr M and Mrs K on 24 July because that would commit them to payments of much more than they could afford. So she passed Mr M and Mrs K on to talk to the Payment Assistance Line instead. BoS later gave Mr M and Mrs K the lowest fixed interest rate deal available, and waived the ERC if the property was sold.

Our investigator said that BoS had given Mr M and Mrs K the best rate available in November, and he couldn't ask BoS to replace this with a lower rate which had become available since. He felt the compensation they had received was more than our service

would've recommended when considering the overall circumstances of this complaint against our guidelines on compensation. He said he couldn't ask BoS to give them a payment holiday, in their circumstances. Nor would he ask BoS to repay the lump sum Mr M and Mrs K had previously paid, as that would push them back into significant arrears, and leave BoS considering legal action right away.

Our investigator noted that the mortgage was once more in arrears, and encouraged Mr M and Mrs K to talk to BoS about their mortgage.

Mr M and Mrs K disagreed. They still thought the compensation sum wasn't enough, and that they remained trapped in an incorrect mortgage deal. They sent us the emails they had previously sent to BoS, and said they didn't think BoS would have told us the full story. They didn't think they had been given credit for keeping in touch with BoS. Mr M and Mrs K also said that BoS had also discriminated against Mr M.

Mr M and Mrs K wanted their complaint to be considered by an ombudsman, so it was passed to me for a final decision.

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've reached the same overall conclusion on this complaint as our investigator.

Mr M and Mrs K have expressed concerns about the call they had with an advisor on 24 July 2024. I know this is where Mr M and Mrs K think things went wrong, because the advisor wouldn't offer them a mortgage deal.

But BoS said something different, it thought the reason for this was that Mr M and Mrs K couldn't afford the deals they were being offered, and it would be irresponsible for an advisor to recommend a deal to them which they couldn't afford – especially if they then needed to sell the property, and had to pay an ERC.

BoS thought things went wrong when they were referred to the Payment Assistance Line, because it thought they didn't get enough support there.

I've listened to this call of 24 July carefully, and I don't think this advisor made a mistake in saying that she could not recommend a fixed interest rate mortgage deal to Mr M and Mrs K. She took a considerable amount of information from them about their income and expenditure, and the difficulty then was that it did look as if Mr M and Mrs K would struggle to afford the payments which they would be tied to, under any new mortgage deal the advisor was able to offer.

So the advisor said she thought they should talk to a different team. She explained that she didn't want to recommend a mortgage deal that Mr M and Mrs K couldn't afford, and noted the differing figures that they had given for affordability on that call. I know Mr M and Mrs K are now very unhappy about this, but I don't agree that this was either unethical or incompetent. I think the steps this advisor took were fair and reasonable.

Mr M and Mrs K said they also thought that this advisor discriminated against Mr M. I should confirm that I haven't been able to hear anything to make me think this advisor discriminated against Mr M. I haven't been able to hear anything that sounds to me as if the advisor had become impatient with Mr M and Mrs K and wanted to end this call. I think the call came to

an end because the advisor felt she could not help Mr M and Mrs K, and wanted to refer them to someone who could offer different support.

I note BoS thought the help Mr M and Mrs K received after this call, fell short. And I would agree with that. Although a lower payment arrangement had been agreed, I don't think it was helpful to leave Mr M and Mrs K's mortgage on the SVR for some months. I note that a mortgage deal was applied to Mr M and Mrs K's mortgage in November, and I am pleased to see that BoS has backdated this, so that this rate took effect in August, as soon as their old deal ended. I'm also pleased to see that BoS has arranged for the ERC which is part of this mortgage deal to be waived, if Mr M and Mrs K do need to sell their property.

As well as backdating that new mortgage deal, BoS has taken steps to remove the impact that had on Mr M and Mrs K's credit file, and it has paid £850 in compensation. I do think the steps BoS has taken provide a fair and reasonable outcome to this complaint.

Mr M and Mrs K remain unhappy. They say this still leaves them on an incorrect deal, but I don't agree with that. I don't think BoS has made a mistake by applying a rate which was only available in November, and backdating that to August. I don't think it would be fair and reasonable for me to ask BoS to reduce Mr M and Mrs K's rate again here, just because lower rates have become available since.

Mr M and Mrs K said that BoS shouldn't have instructed a field agent to visit them, and didn't think they had been given credit for staying in touch with BoS. But I understand their payment arrangement came to an end in January 2025. I can't see they had made contact with BoS between November 2024 and March 2025, although I can see letters issued in February and March asking them to get in touch. I understand BoS upheld this part of their complaint, but I'm not clear that it was unfair or unreasonable for BoS to have instructed a field agent in this case.

Mr M and Mrs K also wanted BoS to return the lump sum they had paid. But BoS says this would leave their mortgage so far in arrears that it would immediately be considered for legal action. I understand that Mr M and Mrs K want to repay the family members they borrowed from, but again, I don't think it would be fair and reasonable for me to ask BoS to take a step which would result in Mr M and Mrs K facing possession proceedings for their home.

Mr M and Mrs K also wanted BoS to arrange a payment holiday for them, of six to twelve months. But they have been clear that they are in financial difficulties, and although I understand that they anticipate these difficulties will shortly be resolved, I am also aware that they had hoped their plans to resolve these difficulties would already have come to fruition. BoS only offers payment holidays of two months, and it doesn't consider those are appropriate when someone has already had problems paying their mortgage. I don't think that's an unreasonable stance for BoS to take here, so I won't ask it to apply a payment holiday to this mortgage.

I know that Mr M and Mrs K will be very disappointed, but I don't think this complaint should be upheld.

My final decision

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs K and Mr M to accept or reject my decision before 14 January 2026.

Esther Absalom-Gough

Ombudsman