

The complaint

Mr K complains that Aldermore Bank Plc has not treated him fairly while his mortgage has been in arrears.

What happened

Mr K has a mortgage with Aldermore. The mortgage fell into arrears in 2018.

Mr K complains:

- Despite keeping Aldermore informed of his situation, Aldermore has communicated poorly and threatened repossession.
- The property is up for sale, but Aldermore offered little support and applied pressure regarding the arrears.
- Aldermore told him there are options – but it has not set out any viable or compassionate solution – even when it was aware he had poor mental health. Aldermore's approach has caused a deterioration of his mental wellbeing.
- Aldermore is asking for information about the net proceeds of the sale and an affordability assessment before it will agree to a sale at shortfall.

Mr K wants Aldermore to waive the arrears and shortfall, stop applying further interest and charge, confirm in writing all figures and that no further debt recovery will take place, and provide a written apology.

I issued a decision that said we could only look at events from 27 July 2023 to 30 January 2025.

The investigator did not think Aldermore had acted unfairly so he did not think the complaint should be upheld.

Mr K did not accept what the investigator said. He responded to make a number of points, including:

- Repossession was used as a threat rather than as a genuine last resort. From 2023 onwards Aldermore repeatedly made threats of legal action and repossession even though he told it that he was engaging with Citizens Advice and preparing a voluntary sale, and while being open about his health and financial vulnerability. He was actively trying to resolve the situation in a way that protected value for them, yet it continued to make threats instead of engaging constructively.
- Aldermore demanded repayment plans that it knew would be unaffordable. It had details of his income and expenditure that showed he could not afford the contractual payment. That was not forbearance.

- Aldermore delayed engaging with him about the shortfall sale until he'd sorted most of it out himself. He'd already told Aldermore the tenants were being removed from the property, marketing was being prepared, he was seeking a voluntary sale rather than a repossession which would leave a bigger shortfall, and he repeatedly asked it to confirm it would allow a sale at shortfall.
- Aldermore's communication was vague, inconsistent and adversarial. That affected his mental health and left him in limbo for months.
- He'd disclosed to Aldermore that he was in significant psychological distress, he was on medication and under GP care, Citizens Advice was acting on his behalf, and this matter was affecting his work and family. Despite that Aldermore continued to communicate in an insensitive way, provided inconsistent figures and caused a delay, which increased the shortfall. Aldermore has not shown the care it should have when dealing with vulnerable customers.
- He accepted that Aldermore was not automatically required to write off any shortfall. But he was asking if it was fair and reasonable for Aldermore to do so after what has happened. He said that it was not fair that Aldermore would take all of the sale proceeds, leave him with a residual debt of tens of thousands of pounds on a property he no longer owns, and to do so after it has delayed and mishandled its dealings with him.

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.

Forbearance

Mr K was in arrears on his mortgage. Aldermore was required to treat him fairly. The FCA's Handbook sets out what mortgage lenders should do to deal fairly with customers who have payment difficulties on their mortgage in the Mortgages and Home Finance: Conduct of business sourcebook (MCOB). Repossession is a legitimate step for a lender to take – but it should be last resort.

MCOB says where a customer has payment difficulties a lender must consider whether in the individual circumstances of the customer it is appropriate to offer certain types of forbearance. The rules changed so that additional types of forbearance were required to be considered from 4 November 2024.

In this case, Mr K bought the property with the intention that it was to be his main residence. But he'd moved away and let the property. Aldermore later consented to the property being let.

Aldermore has received information about Mr K's income and expenditure – and that information has been updated over the period I am looking at. Its records show that despite receiving rental income of over £500 a month, Mr K could not afford to make the payments required to his mortgage. Due to the level of arrears and what Aldermore knew about Mr K's circumstance, that it was unlikely that Mr K would be able to get the mortgage back on track. In those circumstances, it is reasonable for a lender to look for a viable exit strategy for the mortgage.

Mr K was considering his options, including charging his tenants a higher rent, selling the property and seeking advice from Citizens Advice. I am satisfied that Aldermore gave him time to consider those options and set out what the process would be if the property was

repossessed. Following that Mr K decided he wanted to sell the property himself at a shortfall. I will deal with that below.

In the circumstances of this complaint, I don't consider that Aldermore has treated Mr K unfairly, It has given him a significant amount of time to consider his options. It was entitled to take legal action and to explain that was an option – I do not consider that Aldermore has unfairly used that as a threat.

Sale at a shortfall

I can see that selling the property was discussed, but it appears that the tenants remained in the property until November 2024. Aldermore explained that it could not consider a voluntary sale while the property was tenanted. I consider that was reasonable.

In December 2024, Mr K told Aldermore that he was selling the property. It requested a valuation report, updated details of Mr K's income and expenditure, and confirmation of the amounts he expected to pay to estate agents and solicitors. I can't see that Mr K provided all of that information during the period I am considering. They were reasonable requests. So I don't consider Aldermore acted unreasonably by not agreeing to the sale at a shortfall up to 30 January 2025. It was reasonable for it to require all of that information to consider whether to agree to the sale at a shortfall.

Up to 30 January 2025, I can see no reason why Aldermore would be required to decide if it was prepared to write off any shortfall or not.

Communication

When a mortgage is in arrears a lender can only consider forbearance if there is a meaningful and constructive dialogue between both parties. The evidence I have does not support that Aldermore delayed responding to Mr K and I do not consider the contents of its correspondence were unreasonable.

I understand the impact this matter would have had on Mr K and I understand that he was in a very difficult position. Aldermore had Mr K's consent to record that he was struggling with his mental health. I can see that Aldermore has signposted him to his GP and mental health charities who may be able to support him. And as far as I can see it has communicated in a sensitive way. But that does not prevent it setting out in a clear, fair and not misleading way the potential outcomes for Mr K or seeking information from him.

Mr K said he wanted Aldermore to deal with Citizens Advice. I don't consider Aldermore dealt with that request properly. As far as I can see it had enough information to be able to accept Mr K's request to deal with Citizens Advice by early January 2025 at the latest – but it did not process that request until May 2025. Aldermore failed to process the request in the period I am looking at. I think it is pragmatic and fair to deal with that matter as part of this decision – the failure to process the request took place during the period I am looking at.

I accept that the failure to accept contact from Citizens Advice will have caused Mr K unnecessary stress and inconvenience. But contact was limited between January and May 2025 – and there was nothing to prevent Mr K receiving advice on his position from Citizens Advice at the time in question. And I have to take into account that Mr K's overall position would not have been any different had Aldermore communicated with the third party – he was still in arrears and would still be required to provide the information Aldermore needed to agree a sale at a shortfall.

I accept Mr K was vulnerable – and I note everything he's said about the impact of the delay

in communicating with Citizens Advice. But in all the circumstances, I consider that a payment of £175 is fair to reflect any distress and inconvenience caused solely by the delay in dealing with Citizens Advice.

My final decision

My final decision is that Aldermore bank Plc should pay Mr K £175.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 17 March 2026.

Ken Rose
Ombudsman