

The complaint

This complaint's about three mortgages - one regulated, two unregulated - Mr C and Mrs F hold with Monmouthshire Building Society (MBS). There are several broad strands to the complaint, most of which relate to the level of forbearance MBS provided when Mr C and Mrs F hit financial difficulties following the discovery that their new home has serious structural defects. Working from the bulleted list Mr C and Mrs F provided in their complaint form, our Investigator summarised those broad strands in his view as follows:

- They provided bank statements for MBS to consider as part of its forbearance assessment on the understanding that it would discuss any queries about payments with them before making a decision.
- MBS went back on a promise to hold all meetings on a face-to-face basis.
- MBS went back on a promise to revisit forbearance options once it received the report from the surveyors into the property defects.
- MBS knowingly allowed and obliged a customer with serious health problems to live in unfit and unsuitable accommodation.
- MBS didn't deal adequately with their complaints.
- MBS offers better interest rates to new customers than it does to existing ones.

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 Mr C and Mrs F being identified.

Instead I'll give a brief summary of the key events, 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 mortgages Mr C and Mrs F have with MBS are:

- an unregulated interest-only mortgage secured on a holiday let property I'll refer to as A;
- an unregulated interest-only mortgage secured on Mr C and Mrs F's former home, now a holiday let, I'll refer to as P; and
- a regulated capital repayment mortgage secured on Mr C and Mrs F's new home, which I'll refer to as E.

The new mortgage on E started in early 2023, in two parts, each on different discounted interest rate products. One of these products, carried over from a previous mortgage, expired in September 2023 and was replaced with a new two-year deal of 4.85%. The other discount product ran for two years from completion.

Soon after acquiring E, Mr C and Mrs F discovered that it was suffering from serious structural defects, requiring significant demolition and re-construction. This also coincided with Mrs F being diagnosed with a serious illness. In August 2023, they contacted MBS to say they were in financial difficulties, and unable to occupy E. Under the Mortgage Charter, MBS offered six months of interest-only payments on the residential mortgage on E. When this ended, in February 2024, Mr C and Mrs F asked for more help, telling MBS they've moved into E.

MBS was asked to look at forbearance on the two holiday let mortgages. Mr C and Mrs F were apparently looking to sell both, albeit at this point whilst A was on the market, P was being actively let. MBS agreed to accept reduced payments on the mortgage on A until October 2024.

In October 2024, Mr C and Mrs F raised complaints with MBS, about the failure of the valuation to reveal the extent of the structural problems with E, and expressing dissatisfaction with the help MBS had provided. At this point, they told MBS that they were living in a static caravan on the site of E. MBS initially suggested a Mortgage Charter concession but then realised this had already happened the previous year. After bank statements were provided for assessment, MBS agreed forbearance on the residential mortgage on E in the form of six months' interest-only payments.

MBS agreed further forbearance – in the form of reduced payments - on both holiday lets, and offered Mr C and Mrs F the option of moving into P, even though the mortgage conditions don't allow that. MBS referred the complaint about the valuation to the surveyors (a firm I'll refer to as C) and issued a final response on 2 December 2024 addressing Mr C and Mrs F's dissatisfaction with the forbearance it had provided, as detailed above.

On 2 January 2025, MBS issued a second final response, in which it set out C's findings on the valuation complaint. Briefly, C denied having been negligent in its conduct of the valuation.

In March 2025, Mr C and Mrs F succeeded in selling A, and repaying the mortgage on it. In June 2025, they referred their complaints to us. In due course, a third complaint would be added, relating to MBS' interest rate policy. Mr C and Mrs F thought it unfair that MBS offered better rates to new customer than to existing ones.

Our Investigator issued his view of the complaint in August 2025; on the question of the valuation, he drew Mr C and Mrs F's attention to the narrative in the valuation that:

- a) set out its limited remit; and
- b) recommended they get a more detailed survey for their own purposes.

As far as the rest of the complaint was concerned, the Investigator set out his findings under the headings I used in the introduction. Overall he wasn't persuaded MBS had treated Mr C and Mrs F unfairly. They pressed the Investigator to ask further questions of MBS, which he did, but he wasn't persuaded to change his view of the complaint.

That meant the complaint had to be reviewed and decided by an ombudsman.

What I've decided – and why

I'll start with some general observations. We're not the regulator of financial businesses, and we don't "police" their internal processes or how they operate generally. That's the job of the Financial Conduct Authority (FCA). We deal with individual disputes between businesses and their customers. In doing that, we work within the rules of the ombudsman service and the remit those rules give us. We don't replicate the work of the courts.

We're impartial, and we don't take either side's instructions on how we investigate a complaint. We conduct our investigations and reach our conclusions without interference from anyone else.

In their closing submission, received on 29 November 2025, Mr C and Mrs F asked that I specifically address two questions, on the availability or otherwise of payment holidays and reduced interest rates, and whether MBS was right to say mortgage payments have a higher priority than food. I should explain that whilst I'll consider whether and to what extent those points are relevant to my wider assessment of the case as a whole, I'm not required to provide specific answers to specific questions.

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

That includes listening to recordings of Mr C And Mrs F's various phone conversations with MBS during October 2024. Having done so, what follows are my conclusions.

I'll begin with the valuation on E. I've absolutely no doubt that it came as a horrible shock to Mr C and Mrs F when the full extent of the structural problems in their new home became apparent. However, our Investigator was right to point them in the direction of the disclaimer narrative in the report itself. I can't fairly conclude Mr C and Mrs F weren't aware of the limited nature of the valuation, and that its sole purpose was to enable MBS to make a decision on its suitability as security for a mortgage.

Lenders aren't experts in property; that's why they seek the professional opinion of someone who is. Typically that means a member of the Royal Institution of Chartered Surveyors. MBS did that here when it instructed C. By doing that, MBS discharged its duty to Mr C and Mrs F, and was reasonably entitled to rely on the opinion of the suitably-qualified professional who conducted the valuation. I haven't considered whether the valuation was carried out negligently; I have no remit to do that.

I now turn to the substantive issues of the support MBS provided to Mr C and Mrs F, and whether that was sufficient in the circumstances. To do that, I'll use the same headings as the Investigator used.

They provided bank statements for MBS to consider as part of its forbearance assessment on the understanding that it would discuss any queries about payments with them before making a decision.

This part of the complaint relates to MBS' assessment in October 2024 of Mr C and Mrs F's financial situation, in order to decide what forbearance it could offer. It involved the business analysing their incomings and outgoings. Mr C and Mrs F are aggrieved that MBS assessed certain outgoing as discretionary and therefore non-essential, without a specific discussion on the respective merits of individual commitments.

I've noted what Mr C and Mrs F have said about the relative priority given to housing costs and food, and what MBS' website says about payment holidays and lower interest rates being possible options. I'll come back to those later. In the meantime, I've also noted what Mr C and Mrs F have said about why they considered certain items of expenditure as essential when MBS decided otherwise. Those were clearly items that Mr C and Mrs F considered essential to their circumstances, and I understand why they feel MBS might have assessed them differently, or at least given Mr C and Mrs F the opportunity to argue their case further. But that doesn't mean that MBS's assessment wasn't a legitimate commercial judgement.

A key point that MBS explained to Mr C and Mrs F during the phone calls in October 2024, is that forbearance is essentially intended to ease short-term difficulties in the hope that borrowers' situation will improve. A consequence of that is most forbearance steps involve deferring payments to a later period. Lenders have to balance the need for short-term help against the risk of storing up problems and extra costs in the longer term. So fair treatment doesn't mean a lender must agree to everything a borrower might want or assume they're entitled to. It's much more nuanced than that.

I have to keep in mind the guidance that the FCA offers lenders through the Mortgage and Home Finance: Conduct of Business sourcebook (MCOB). Also, it's important to remember that provision of the various potential forbearance options isn't necessarily obligatory. They are all things that a lender can consider offering, but isn't *required* to.

MBS' website might reference payment holidays and/or reduced interest rates, but neither is something Mr C and Mrs F were entitled to, and it doesn't follow that they were unfairly treated because those options weren't available. Rather than focusing on the minutiae, I have to take an overview of the forbearance assessment as a whole, to decide whether and to what extent MBS treated Mr C and Mrs F fairly. In doing that, I've borne in mind that two of the three mortgages aren't even subject to MCOB regulation.

Whilst the obligation to treat Mr C and Mrs F fairly applies to all three mortgages, the mortgages on P and A (until it was redeemed) are commercial transactions, and the bar for what constitutes fair treatment is lower than it is for the mortgage on E. Whilst I'm conscious Mr C and Mrs F's expectations on what forbearance they should receive weren't met, overall, I'm persuaded that the forbearance MBS provided on all three mortgages was broadly consistent with its obligations under MCOB, even for the mortgages on P and A respectively, which aren't subject to MCOB.

On the point about prioritising mortgage costs over food, MCOB guidance places them in two different lists; Housing Costs/Committed Expenditure for the former and Basic Essential Living Costs for the latter. I don't believe the intention in MCOB is for the two lists to have different priorities, and if the messaging from MBS gave that impression, then I can understand it not sitting well with Mr C and Mrs F. Ultimately though, I don't find that anything turns on that, because I've found the forbearance they received across the three mortgages to have been fair and reasonable.

MBS went back on a promise to hold all meeting on a face-to-face basis.

This is not something I'd generally expect a mortgage lender to offer to customers in the normal course of conducting business. That said, if a lender did make such an offer, it's reasonable to expect that it should do all it could to honour it. However, nothing in the available evidence points to MBS having made such a pledge to Mr C and Mrs F. In all the circumstances, I couldn't fairly find that the channels MBS used for maintaining contact with Mr C and Mrs F were unduly restrictive, such that they caused detriment.

MBS went back on a promise to revisit forbearance options once it received the report from the surveyors into the property defects.

What MBS said is that it *may* reconsider further forbearance options *if the report back from C concluded that the valuer had been negligent*. As has already been set out, that didn't happen. MBS hasn't gone back on any promise it made to Mr C and Mrs F in this regard. What does need keeping in mind is that MBS provided forbearance on all three mortgages during the months before **and** after C produced its findings.

(The italics are mine)

MBS knowingly allowed and obliged a customer with serious health problems to live in unfit and unsuitable accommodation.

Having looked carefully at the exchange of information between the parties, I don't think I could fairly conclude that's what happened. In February 2024, Mr C and Mrs F told MBS they'd moved into E. MBS only discovered that wasn't the case in October 2024; that's when Mr C and Mrs F told it they were living in a static caravan on the site of E. MBS' response was to disregard the terms and conditions of its holiday let mortgage, and offer them the option of occupying P. Mr C and Mrs F may have had their own reasons for not doing that, and that was their prerogative. I imply no criticism of them for not taking up MBS' proposal, and none should be inferred. But the accusation that MBS knowingly allowed or forced them to live in the caravan when Mrs F was so ill doesn't stand up to scrutiny.

MBS didn't deal adequately with their complaints.

Complaint-handling, in itself, isn't a regulated activity that falls within the jurisdiction of the Financial Ombudsman Service. Generally speaking, however, MBS seems to have addressed the issues Mr C and Mrs F raised in a reasonably comprehensive manner, and without undue delay. My impression here is that their dissatisfaction is less with the manner in which the complaints were addressed and more with the outcomes reached.

MBS offers better interest rates to new customers than it does to existing ones.

A previous expression of dissatisfaction with about movements in MBS' standard variable rate was addressed in the December 2024 final response but not included in the bulleted list of issues on the complaint form referred to this service in June 2025. We haven't looked into that, and it's now too late for Mr C and Mrs F to raise it with us.

It looks to me that this element of the complaint came out of Mr C and Mrs F's negotiation in early to mid-2025 of new interest rate products to succeed those that were expiring. MBS addressed it in a final response dated 4 August 2025.

Having no regulatory power means it's not in my remit to set MBS' interest rate policy generally, or to dictate what rates it should offer to differing groups of customers or potential customers. Decisions such as these are for MBS' commercial judgement, albeit it must be mindful of the obligations the FCA imposes on it to treat customers with broadly similar characteristics in a consistent manner.

Here, the relevant characteristic is Mr C and Mrs F's status as existing borrowers, as distinct from new borrowers. When offering new rates, MBS can reasonably and fairly treat new borrowers differently from how it treats existing borrowers, by offering more enticing deals that attract new business. Also, I don't find that there was any obligation on MBS to draw this to Mr C and Mrs F's attention unprompted before they took the mortgages out.

I said at the outset that I wouldn't be commenting on every single point, and I haven't. I have, as I said I would, confined myself to those matters that I consider have a material effect on the outcome. I can see how strongly Mr C and Mrs F feel. That's a natural, subjective reaction, and entirely understandable in the very difficult circumstances they've found themselves in. Nonetheless, I have to take a different approach. I'm impartial and I have to take a step back and look at things objectively. When I do that, for all the reasons set out, I can't find that MBS has treated Mr C and Mrs F unfairly.

My final decision

My final decision is that I don't uphold this complaint.

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 Mr C and Mrs F to accept or reject my decision before 6 January 2026.

Jeff Parrington
Ombudsman