

The complaint

Ms M complains that Pepper (UK) Limited trading as Engage Credit has not treated her fairly when she was unable to afford the payments to her mortgage.

What happened

Ms M and her now ex-husband took out a mortgage with another lender which has been sold to Engage Credit. She said she was a “mortgage prisoner” and Engage Credit has unfairly refused to give her a new, lower interest rate. She said it knew she could not afford the payments when interest rates went up but would not offer her any help.

Ms M sold her home in September 2025. But she said by repaying the full amount outstanding it won't leave her with enough money to buy another home or repay other debts. She wants Engage Credit to write off some of the balance.

The investigator said we'd already considered a complaint from Ms M and we shouldn't look at those matters again. But the investigator did not think that we should uphold the complaint.

Ms M did not accept what the investigator said. She responded to make a number of points, including:

- She'd been referred to a number of organisations but they all referred her back to Engage Credit – and as a closed book lender it did not give her any help.
- The house had been sold but Engage Credit had taken all of the proceeds.
- She paid interest only to the mortgage for years then interest rates went up unfairly. She was already in arrears, had split from her husband and was making the payments herself. She did not understand how Engage Credit could think she could afford the increase in interest rates from 2022 – particularly as it was aware of her overall circumstances.
- The mortgage was interest only from the beginning. She planned to switch to repayment but couldn't do that because of the problems when it was switched to Engage Credit.
- She only experienced problems when she split from her husband. It was the increase in interest rates and lack of support from Engage Credit that caused the mortgage to fall significantly into arrears.
- If Engage Credit had dealt with her fairly before interest rates went up the arrears would not have increased to over £50,000. It is therefore unfair for it to require her to repay all of the arrears and to leave her homeless.
- Engage Credit knew she had a second mortgage. After that was repaid she was left with around £1,500.

- She asked Engage Credit not to increase the interest rate when it first went up – but it declined her request even though it knew she was already struggling.
- She has been a mortgage prisoner for a long time and Engage Credit should not have taken all of the proceeds of the sale of her home.
- Her complaint was about interest rates going up from 2022 – not just January 2025.
- Her complaint is that the process of dealing with Engage Credit has affected her mental health, led to her being diagnosed with a serious illness and to be made homeless.
- It is not fair that closed book lenders are being protected.

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 thank Ms M for her honesty in explaining what she has been through. I understand that things must have been – and continue to be – very difficult for her. But she has asked me to look at her complaint. And I'm afraid after doing so I agree with the investigator that I can't uphold this complaint.

Ms M is unhappy about how Engage Credit dealt with her since interest rates started to go up since 2022 – particularly as she'd made it aware of her circumstances. But we considered a complaint from Ms M about that in 2024, and my colleague issued a final decision. That complaint was that the interest rate charged was too high and that Engage Credit did not offer appropriate support when she experienced financial difficulty.

Usually, we do not consider a complaint where we have already made a final decision. That is because the decision is final – it is intended to give finality to both parties. And our rules allow me to dismiss a complaint for a number of reasons, including if doing so would impair the effective operation of our service. They go on to give an example of that as where the subject matter of the complaint has previously been considered or excluded by us - unless material new evidence which I consider likely to affect the outcome has subsequently become available to the complainant.

In this case there is no new evidence that is likely to affect the outcome of the previous decision. Therefore, I do not think we should look at those matters that we dealt with in the 2024 final decision.

The difficulty I have is that in the period I am considering Ms M's situation was largely the same as it was when my colleague made his final decision. He'd found that the mortgage was unsustainable, that Engage Credit had offered appropriate forbearance and a long term interest rate reduction was not appropriate. I see no reason to reach a different outcome here.

There does not appear to be any additional forbearance that Engage Credit could have offered that would have helped Ms M that was appropriate in the circumstances. It ought to have considered reducing or waiving interest – but in all the circumstances and bearing in mind that Ms M did not anticipate being left with a shortfall when the mortgage was repaid, I do not consider it was unfair overall for it not to offer that to her. Ms M had a second charge mortgage and that reduced the equity she had. And there was no regulatory or contractual requirement for Engage Credit to offer Ms M a new interest rate product.

Engage Credit was entitled to require Ms M to repay the full balance that was outstanding including the arrears. As the proceeds of the sale were enough to repay the mortgage in full, I consider that was reasonable. I was sorry to hear about the problems that has caused Ms M and I understand why she feels she has not been treated unfairly. But looking at the limited period I can, I do not consider the support offered by Engage Credit was unreasonable to the extent I could fairly require it to do anything else.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms M to accept or reject my decision before 5 January 2026.

Ken Rose
Ombudsman