

The complaint

Mr and Mrs B complain about how they've been treated by The Stafford Railway Building Society trading as The Stafford Building Society (SBS) whilst they've been in financial difficulties.

What happened

Mr and Mrs B have a mortgage with SBS that they took out in 2018. The mortgage fell into arrears in 2019. These arrears were cleared in June 2020. Arrears built up again from September 2021.

Mr and Mrs B didn't make contact with SBS until August 2022, despite it trying to contact them. They offered to pay the monthly mortgage payments plus £500 per month towards the arrears. SBS agreed to this proposal. This payment plan was broken in October 2022 by Mr and Mrs B failing to make the required payment.

In January 2023, the arrears exceeded £8,000 and SBS told Mr and Mrs B that their account would be passed to their solicitors. Mr and Mrs B asked for their direct debit date to be moved but were told this wasn't possible. Between February and June 2023, regular payments were made, but not on the required date. SBS tried to contact Mr and Mrs B.

In September 2023, Mr and Mrs B got in touch with SBS to say they were unable to meet their monthly payment. SBS asked them for bank statements and a completed budget planner. This was received in January 2024, but which time their mortgage payments had increased. Mr and Mrs B changed to a new mortgage product in March 2024, but this only reduced the mortgage payment by just over £100 per month. A new payment plan of the monthly mortgage payment plus £300 was agreed at this time. This was broken in May 2024.

In September 2024, Mr and Mrs B got in touch with SBS again to explain they were unable to pay their mortgage. They asked again whether the mortgage could be changed to interest only. SBS said this wasn't a suitable option, and it said the same about adding the arrears to the mortgage. SBS offered to extend the mortgage by a year, but Mr and Mrs B declined this as it made very little difference to the monthly payment.

A payment plan of £100 per month was agreed in October 2024 but broken in December 2024. In January 2025, Mr and Mrs B said they would sell the property, and SBS agreed to put the mortgage on to an interest only basis whilst it was sold. SBS initially agreed to a three-month interest only plan, which it then offered to extend to six months, but Mr and Mrs B declined the extension offer. The payment plan was broken in April 2025.

In May 2025, Mr and Mrs B's mortgage returned to a full repayment basis. In June 2025, Mr and Mrs B offered to pay their monthly payments plus £100 and again asked for the direct debit to be changed to 15th of the month. The payment plan was agreed, but SBS said it would require a court to agree to this repayment plan. It says this was so that, if the payment plan were to be broken, SBS could start possession proceedings of the property. Mr and Mrs B say they received a letter telling them their mortgage account had been

referred to court for possession proceedings to start.

Mr and Mrs B complained to SBS about its threat to take the matter to court. SBS didn't uphold the complaint. It said:

- No legal action had been taken since the arrears started in September 2021.
- It had agreed five separate repayment plans to clear the arrears on the mortgage which had been broken.
- Calls and letters from SBS to Mr and Mrs B hadn't been responded to.
- It had regularly reviewed Mr and Mrs B's account to see if other mortgage products would help reduce the mortgage payments.

Unhappy with this response, Mr and Mrs B referred the matter to our Service. Our Investigator didn't think SBS had been unreasonable in commencing the legal action when it did, given the status of the account. She was satisfied SBS had treated Mr and Mrs B fairly overall and didn't think the complaint should be upheld.

Mr and Mrs B didn't accept this and asked for the complaint to be considered by an Ombudsman. So, it's been passed to me to review and make a final decision.

SBS has paused all legal action whilst the complaint is with us.

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.

Whilst Mr and Mrs B may disagree with the above timeline, I've reviewed both their submissions, and the contact notes, statements and letters provided by SBS. On balance of probabilities, I'm satisfied the timeline I've set out is likely an accurate reflection of how the account has been conducted and of the contact from SBS.

When a borrower is in financial difficulties, a lender should consider all options before legal action is sought. I've gone on to consider whether SBS has done this.

Mr and Mrs B have been in financial difficulties for many years now. I know Mr and Mrs B say this is temporary, but it's been some time now, with no firm plans for how their financial situation will improve. Whilst SBS has told them on occasion it plans to start legal action, it's yet to do so.

SBS considered extending the term but could only do so by another year given Mr B's retirement age and there being no evidence the mortgage would be affordable in retirement. Mr B pointed out that Mrs B is 15 years younger than him. But the fact is that she's not currently working, so I don't think this would impact their ability to be able to maintain payments past Mr B's retirement age.

Mr and Mrs B have also said that the interest rate should be lowered. However, a business can only offer products it has. It's not required to create a bespoke product or rate that is affordable for an individual.

Turning to the arrears being capitalised, doing so would increase the minimum monthly payment under the mortgage. Given that Mr and Mrs B have been unable to regularly

maintain their existing payment, I can't see that adding the arrears to the mortgage would be in their best interests as it would make the monthly payments even less affordable.

I understand Mr and Mrs B say that their situation is likely to improve. However, as I've already said, Mr and Mrs B's mortgage has been in arrears for a number of years. And there's been no sign of this decreasing or their situation improving. Whilst they have explained on many occasions why they expect their situation to improve, it's yet to happen.

Ultimately, there are currently no long-term plans for Mr and Mrs B to be able to repay their arrears and maintain their mortgage payments. And I've seen nothing to suggest there are any other options that would be sustainable longer term or would be in Mr and Mrs B's best interest. I'm satisfied that SBS has explored the various options available to Mr and Mrs B and has treated them fairly in the circumstances.

SBS hasn't taken any legal action to date. What it has said it will do is look to have a court agree a payment arrangement so that, in the event this is broken, it can take further action. I don't consider this unusual or unfair given the amount of payment arrangements that Mr and Mrs B have broken over the years, and the level of their current arrears. I'd also note there have been a number of occasions where SBS has tried to discuss the matter with Mr and Mrs B but calls and letters have gone unanswered. Given their reluctance to engage at times, it's reasonable for SBS to want to have a more formal arrangement agreed.

Mr and Mrs B have also complained about the date that their monthly payment is taken by direct debit. SBS has previously told Mr and Mrs B that if they want to change the date their payment is made, they can do so by making the payment in another manner, such as standing order or bank transfer. This isn't unreasonable and something Mr and Mrs B can still consider. The way which the direct debit currently works is that the payment is taken on the first of the month for the previous month. If Mr and Mrs B wish to make the payment on a different day, it would need to be made sooner, to avoid the account going further into arrears.

As things currently stand, SBS has told us Mr and Mrs B made payments in February and March 2026 that were slightly under the agreed amount. But they overpaid in January 2026. Their arrears have been reduced but still stand at over £7,000. As the payment agreement has technically been broken, SBS has said Mr and Mrs B will need to get in touch again to agree a new payment arrangement.

I do sympathise with the situation Mr and Mrs B find themselves in. It's clear they've had a very difficult time over the past few years, for a number of different reasons. But, as I've said above, they will need to now contact SBS to agree a new payment arrangement. If that one is broken, and there is no sign of further improvement to Mr and Mrs B's situation, then it's possible SBS will commence legal action.

My final decision

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B and Mrs B to accept or reject my decision before 7 May 2026.

Rob Deadman
Ombudsman