

The complaint

Mr A complains that Paratus AMC Limited trading as Foundation Home Loans took legal action to repossess his property when the balance of his interest only mortgage wasn't paid at the end of the term.

What happened

Mr A had an interest only mortgage with Foundation. The term of the mortgage expired in May 2024, by which time the balance was around £48,000 and there were arrears of over £11,000. Foundation had written to Mr A before the term expired threatening legal action because of the arrears.

Around the time of the term ending, Mr A spoke to Foundation. He said he planned to make payments of £700 per month (the monthly payment was around £324). He said he was expecting an inheritance payment of around £10,000, but that was subject to probate completing and then his late relative's property being sold. And he said that he would reach the age of 55 in December 2024, when he could cash in his pensions to repay the outstanding balance.

Foundation said it couldn't wait any longer and it would begin repossession action. It instructed solicitors in August 2024. In October a possession hearing was listed for 26 November. During this period Mr A made some payments and told Foundation that he was trying to apply for a mortgage elsewhere to repay this loan. At the end of October he said he would pay a further £5,000 and asked for more time to clear the arrears in full so he could re-mortgage. Foundation said legal action would continue unless the mortgage was repaid in full.

On 18 November, Mr A emailed Foundation. He said he had made some payments in recent weeks and intended to make more. He said he had investigated his pension position and was in the process of cashing in his pensions to repay the mortgage. He asked Foundation to adjourn the hearing for that to happen. He said he had been advised there was around £53,000 in his pension, which was enough to clear the mortgage balance in full.

As he hadn't had a response to his email, Mr A called Foundation again on 25 November. Foundation said it would need to see pension statements, which Mr A sent in. Foundation said that the total shown was around £47,250, and that if Mr A cashed them in in full he would have to pay tax, reducing the available amount further. Mr A said he had another pot with around £5,000 and that he had enough other money to cover the tax liability. Foundation said that the hearing the next day would still go ahead, but it would now be asking for a suspended not an outright possession order to give Mr A time to sort out his pensions.

The hearing went ahead, with a suspended possession order granted on the basis that Mr A would redeem the mortgage in full by 31 January 2025. On 16 January Mr A's financial adviser wrote to Foundation to confirm that payment was expected by 28 January – Mr A in fact made payment on 27 January. He paid the mortgage balance but not the legal fees Foundation had added to the balance following the court hearing.

Mr A has made several complaints to Foundation, and it has issued several final responses to those complaints.

- A final response dated 25 November 2024 – complaints that Foundation had rejected a proposal to repay the mortgage using Mr A's pension and was taking him to court; that it was proceeding with repossession even though there was a live complaint; that going to court would incur disproportionate costs; and that Foundation were threatening to repossess his home unless he repaid the mortgage in full, which had caused him severe stress and worry and impacted his health.
- A final response dated 16 January 2025 – a complaint that Foundation hadn't responded to a voicemail Mr A had left on 19 November 2024.
- A final response dated 13 March 2025 – a complaint that Foundation had acted unreasonably in taking Mr A to court and so it wasn't fair or reasonable to add legal costs to the mortgage balance; a complaint that Foundation was continuing to pursue him even though there was a live complaint; that the court proceedings had been stressful and impacted his health; that Foundation didn't respond to emails until the day before the hearing and rejected his proposal to repay the mortgage using his pension, even though he received enough money to clear the mortgage in full. Mr A also said that Foundation should reply to his complaint within one week. In this response Foundation said that it had written off the outstanding legal fees and removed the charge over Mr A's property.

Mr A referred his complaint to us on 1 June 2025. Our investigator said that he could only consider matters covered in the second and third final responses but not the first, because the first response had been referred to us out of time. He said that Foundation should pay Mr A £100 compensation for the distress caused by not responding to his voicemail message or an email. He said it was entitled to add legal costs to the mortgage balance, but that in any case it had since agreed to write them off so Mr A didn't pay them. He said although it responded to Mr A's proposal about his pension the day before the hearing, that was reasonable because Mr A had only made the proposal a few days before that. And he said Foundation had dealt with Mr A's complaint within the timescales allowed by the regulator.

Foundation accepted that, but Mr A didn't. He asked for an ombudsman to review his complaint. He said that he didn't refer the complaint to us sooner because he was focussed on preventing Foundation repossessing his property. But he was also in correspondence with Foundation asking it to review the complaint and avoid the need to come to the Financial Ombudsman Service. He therefore didn't consider the complaint with Foundation concluded. He said Foundation had intended to send a further response but didn't and he shouldn't be penalised for that.

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.

Firstly, I've considered what parts of this complaint are in time and what parts aren't. Our rules say that a complaint should be made to the responsible firm first – in this case, to Foundation. Foundation should then issue a final response within eight weeks setting out its position on the complaint. Mr A then has six months to refer the complaint to us if he remains unhappy. If a complaint is received more than six months after a final response we can't consider it – unless there are exceptional circumstances to explain the delay, or unless Foundation consents to us considering it even though it's out of time (which, in this case, it

does not).

Mr A has made several complaints and Foundation has sent several final responses. He referred his complaint to us more than six months after the first final response, but within six months of the second and third. That means the complaints dealt with in the first final response are out of time. I've thought about what Mr A says about this but I'm afraid I don't think I can consider this part of his complaint. I understand Mr A was trying to resolve the wider situation with his mortgage and avoid repossession. But he was still in contact with Foundation and could have contacted us. And while he considered his complaint still to be "live" and under discussion, Foundation had made clear that it had issued a final response and that Mr A's next step was to contact the Financial Ombudsman Service. I can't therefore consider anything that was covered in the first final response – including parts of the complaint that were responded to again in the same way in the second and third responses.

Mr A said he had made the offer to cash in his pension earlier than 18 November, and had been trying to get Foundation to engage with him without success. But other than the voicemail of 16 November, I've not seen any evidence of that. The last email before 19 November was on 31 October and in that email Mr A said he was looking at re-mortgaging, not at cashing in his pension.

Mr A did try and call Foundation on 16 November, without success. I agree that Mr A's voicemail message shouldn't have been left unresponded to. Foundation says that it was left on an unmonitored extension, so it didn't know about the message until Mr A complained. But if Foundation makes phone numbers available to customers it should ensure those numbers are monitored – or not shared with customers.

This message was on 16 November, and it was two days later that Mr A sent the email with information about his pension. I can understand that his message not being responded to caused Mr A frustration. But I don't think it made any difference to the overall outcome. Following a discussion with Mr A on 25 November, Foundation agreed to seek a suspended possession order – rather than an outright order – at the hearing the next day to give Mr A time to cash in his pensions and repay the mortgage. If the earlier message had been responded to I think it's most likely the same outcome would have happened; Foundation would still have agreed to a suspended possession order, but wouldn't have agreed to cancel the hearing altogether. So the failure to respond to this message didn't change the overall outcome for Mr A.

I can't consider whether or not it was fair and reasonable for Foundation to take legal action when the loan wasn't repaid or the impact of that on Mr A, because that part of the complaint is out of time. But I can consider whether it acted fairly in not cancelling the legal action when Mr A proposed repaying with his pension. I don't think Foundation acted unreasonably here. The mortgage term had expired and there were still arrears outstanding even though Mr A had made several payments towards the arrears. If Foundation had simply withdrawn the legal proceedings and then for any reason Mr A hadn't been able to make payment, re-starting legal action again would add more time and cost. It was reasonable for Foundation to agree that it wouldn't seek repossession immediately, and would agree to suspend the possession order to give Mr A time to put his plan in place and repay the mortgage. He was able to do this successfully and the mortgage was in fact paid off by the deadline in the order.

Under the mortgage terms and conditions Foundation is entitled to add legal costs to the mortgage – provided they were reasonably incurred and reasonable in amount. I can't comment on whether they were reasonably incurred because the complaint about whether it was fair for Foundation to take legal action is out of time. And I don't need to make a finding about whether they were reasonable in amount because Foundation has now written the

legal fees off. Mr A only paid the mortgage balance, not the fees, in January 2025 and Foundation confirmed in its final response in March that it had removed the charge over his property and wouldn't be trying to recover the legal fees. I think this is fair and means that Mr A will not have to pay them.

Putting things right

I'm satisfied that Foundation's communication with Mr A wasn't always as good as it could have been. There was the 16 November voicemail. And it didn't always respond to emails promptly. As I've explained, I don't think this made any difference to the overall outcome. But this did add to what was already a stressful time for Mr A. Foundation has now agreed to pay £100 compensation, which I think is fair.

My final decision

My final decision is that Paratus AMC Limited trading as Foundation Home Loans should pay Mr A £100.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 18 February 2026.

Simon Pugh
Ombudsman