

The complaint

Ms H and Mr S' complaint relates to a mortgage they have with Coventry Building Society (CBS). They have said that CBS didn't provide adequate support during 2024 and 2025. They have also said that when payment arrangements were agreed in 2024, they were not made aware of the consequences on their credit files, given any terms and conditions for the arrangement, or given the opportunity to take legal advice about it before they started. Ms H and Mr S believe that had CBS acted appropriately their credit files would not have been negatively impacted as they could have done something else that wouldn't have had the same impact.

What happened

Ms H and Mr S took out their mortgage with CBS in 2020. In February 2024 they were notified by the council that they had to move out of the property due to a dangerous situation in the immediate area. This involved them moving into a rental property, and so they were unable to afford all of the costs associated with both properties. They contacted CBS when this happened and explained the situation. It was confirmed that an insurance claim had been made, but they didn't yet know if it would be accepted. The direct debit paying the mortgage was suspended at that time.

CBS spoke to Mr S the following week and explained that the insurer's assessor had attended the property, and they were waiting for the insurer's decision. Mr S was advised that CBS was willing to complete an income and expenditure exercise to see what it could do to help, but in the meantime, if they could make a payment of some sort towards the mortgage, it would protect their credit file for the month. A payment was made a couple of days later.

Further discussions were had between Mr S and CBS during April 2024. Some potential options for reducing the cost of the mortgage were mentioned, but CBS maintained that it needed information about their income and expenditure before any decisions were possible. It was explained that all options would impact Ms H and Mr S' credit files. It was agreed that they could make reduced payments of £500 until July 2024. CBS asked for a copy of the insurance policy and an update on the claim was also requested.

At the beginning of July 2024 Ms H spoke to CBS to provide an update on the property situation. She asked at that time if there was anything that could be done about the impact the reduced payments were having on their credit files, as the situation was not their fault, and if they could discuss the situation with a manager. CBS told them that once it was known what the insurer was going to do about the claim, CBS would refer the matter to managers for review to see if there was anything it could do to help them with that situation.

Ms H and Mr S have told us that it was at this point they concluded that they could not afford to continue to make payments to the mortgage – an income and expenditure exercise confirmed this. They stopped making payments after paying the July 2024 reduced payment. CBS said that it would refer the situation to management to see if there was anything that could be done to assist Ms H and Mr S. CBS subsequently asked them for more documentation – relating to the insurance policy and the situation regarding the insurance

claim and the position of the council. Ms H confirmed that some information had already been provided, but more would be sent. She confirmed that their insurer was not contributing to the rent for their alternative accommodation. The request for help and concern for the impact on their credit files was repeated.

Ms H and Mr S have confirmed that in October 2024 their insurer paid them a lump sum to cover the rent they'd had to pay up to that point. They confirmed at a later date that they had used the majority of the money on legal costs. The insurer then paid the rent on a monthly basis thereafter.

Two months later, in December 2024, the insurance documentation had not been provided. Ms H called CBS to give it an update - the insurer had accepted the claim on the property. She said it had said that it would shortly be confirming whether they could return to the mortgaged property and if not, it would be paying for the rental property. CBS told her that if they did receive money for the rent, they would need to complete another income and expenditure exercise.

In January 2025 Ms H was reminded of the need to provide more information about the insurance policy. She confirmed that she'd sent the information requested, but she thought she might have sent it to the wrong email address. The correct email address was provided so that she could send the information again. It was confirmed that the information would be passed to management for consideration of what CBS could do to help once it was received.

When CBS called again a couple of weeks later to chase the requested documents, Mr S said that they had been sent numerous times and would not provide the email address the information had been sent to when asked. Mr S asked that a complaint be logged due to CBS continually calling for updates when he had been waiting for a manager to call him for three months and it still hadn't happened. The documentation about the insurance policy and the council communications was received by CBS a couple of weeks later.

In March 2025, CBS considered the information provided about the insurance policy and claim, and Ms H and Mr S' financial situation, and concluded that as their rent was being paid by the insurer, they could afford to pay the mortgage. As such, it was not willing to agree to any further forbearance on the mortgage. Ms H and Mr S raised a further complaint as they were unhappy with the support that had been provided and they said that they believed that CBS should not have continued to charge them interest, given the circumstances.

CBS responded to the complaint in a letter of 16 May 2025. It set out what had happened and confirmed that it had agreed a reduced payment arrangement in April 2024 for that month and a further three months. After that, while it was willing to look at further forbearance, Ms H and Mr S didn't provide it with everything it needed to consider the situation fully until 19 March 2025. At that point, it concluded that Ms H and Mr S could afford to pay their mortgage, as their rent was being paid as part of the insurance claim. However, it was willing to allow them to continue with the £500 per month reduced arrangement if they wished to do so. In relation to the service CBS had provided to Ms H and Mr S, it identified that there had been a delay between it receiving information in February 2025 and asking for the final income and expenditure information at the beginning of March 2025. It paid them £100 as compensation for this delay.

In July 2025 Ms H and Mr S started paying the contractual monthly payments again.

Ms H and Mr S asked us to consider their complaint, as they were not satisfied with the responses they'd received. They told us that they repeatedly asked between July 2024 and

March 2025 that they be called back by a manager to discuss what CBS could do to help them, but they never received such a call.

One of our Investigators considered the complaint, but she did not recommend that the complaint be upheld.

Ms H and Mr S didn't accept the Investigator's conclusions and asked that the complaint be referred to an Ombudsman.

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 appreciate Ms H and Mr S' strength of feeling regarding this complaint. I would like to assure them that I have read and considered everything they have told us. I trust they won't take it as a discourtesy that I have condensed this complaint in the way that I have. Although I have read and considered the whole file, I will keep my comments to what I think is relevant. If I don't comment on any specific point, it's not because I have not considered it but because I don't think I need to comment on it in order to reach the right outcome. This service is impartial between, and independent from, consumers and businesses. What this means is that we don't represent either party, and we look at things independently without taking sides.

I understand our investigator's findings were disappointing. It's the nature of what we do that we generally have to find in favour of one party or the other. Our findings are based on consideration of all the facts and all the submissions made by both parties. We look at what happened and decide whether, bearing in mind any relevant law, regulations, Consumer Duty, and good industry practice, the lender acted fairly and reasonably.

Initially, I would explain that a lender is required to explore ways to support borrowers who are in financial difficulties, especially if the problem looks to be short-term and capable of being resolved. For long-term difficulties, a lender must look at a wider selection of ways to help, such as transferring a mortgage from capital and interest repayment to interest-only for a period or deferring interest for a period. Balanced against that is the lender's obligation to ensure that any arrangement is affordable and sustainable. The requirement for a lender to try to help a borrower doesn't mean that a consumer should be given whatever they ask for, but rather the lender needs to determine if it can put forward any proposals that will actually help the consumer. In order for a lender to be able to determine what it is able to do, it will require the co-operation of the borrowers – they will need to provide the information the lender needs to assess the situation and be open to having conversations.

Ms H and Mr S have said that they were not made aware that the options CBS could offer were limited and that they would only be offered reduced payment arrangements. What a lender can offer to borrowers will depend on their individual circumstances. A lender considering what it can do is not a case of it setting out a suite of options for a consumer to pick from.

Furthermore, Ms H and Mr S had told CBS that they could not afford to pay the contractual payment required under the mortgage. As such, an arrangement to reduce the amount they had to pay was the only way for CBS to try to help them. CBS did initially consider the option to change the mortgage to an interest-only basis for a period, which would not have impacted Ms H and Mr S' credit files in the same way as a payment arrangement would. However, Mr S told CBS that the payments for the mortgage on an interest-only basis were not affordable. So, a reduced or nil payment arrangement were the only options available for

Ms H and Mr S because of the restrictions in their finances. I think, reasonably, they would have known this, whether it was explicitly said by CBS or not.

Ms H and Mr S have also said that they weren't made aware that any forbearance arrangements would be offered on a limited time basis. The length of time that is offered for forbearance is entirely dependent on the borrower's individual circumstances and would be expected to be reviewed on a regular basis and end when the financial difficulties were resolved. It would then be for the lender to discuss a new arrangement to facilitate the arrears being repaid. So CBS could not have told Ms H and Mr S what duration it would be able to offer them forbearance over, especially as they were unaware of what was going to happen with their property, the insurance claim and the council decisions.

At the core of this complaint is that Ms H and Mr S don't believe that CBS supported them adequately in 2024 and early 2025, and so their credit files have been negatively impacted.

I have carefully considered what happened and I have listened to calls between both Ms H and Mr S and CBS. While CBS may not have consistently referred to the options it discussed as potential ways to help them as forbearance, I don't consider that this is material to my consideration of the complaint. Ms H and Mr S asked for help, and CBS considered this request. It initially discussed possible options with them for what could be done, and it agreed to accept payments of less than was required to the mortgage up to July 2024. Following that, when CBS was told that Ms H and Mr S could no longer afford to make any payments, and evidenced this in an income and expenditure exercise, CBS didn't require them to make any payments at all. I am satisfied that it did what it should have during this period. I am also satisfied that Ms H and Mr S were told that these arrangements, after the first month of reduced payments, would impact their credit files.

Subsequently, CBS said that it needed more information to consider the situation further – a copy of the insurance policy, evidence of what the insurer's position was, alongside information from the council about its position on the situation. It was not until February 2025 that CBS had all of this information. While I note that Ms H and Mr S have said that they sent the information several times during that period, I also note that Ms H said that she thought it had been sent to the wrong email address. Furthermore, they confirmed during conversations with CBS that the insurer had not yet confirmed in writing what it had told them orally about the claim.

While that information was outstanding, CBS was unable to have a constructive conversation with Ms H and Mr S. Although Ms H and Mr S did ask to speak to a manager about their situation, they were told that they CBS needed more information before it could consider further what it could do for them. No commitment was made for a manager to call them, but they were told that once they had provided the information requested the matter would be referred to a manager for a decision to be made.

Throughout this period, CBS accepted that Ms H and Mr S were not making any payments to the mortgage. It did not question that situation until after it was confirmed that the insurer was paying the rent for their alternative accommodation. The rent they were having to pay on top of their other normal expenses had been the reason Ms H and Mr S had given CBS for their financial difficulties. The rent being paid by the insurer would then have indicated that Ms H and Mr S' financial difficulties may well have been resolved. At this point, CBS reviewed the situation in full and concluded that, if Ms H and Mr S prioritised their secured lending, as would be expected, they could afford to pay their mortgage. It, therefore, asked that they review what they were doing with their unsecured debts and start to pay their mortgage again. I don't consider this was unreasonable.

Ms H and Mr S have suggested that it is unreasonable that CBS continued to charge interest on the mortgage, given the situation. I can understand why they think this, given that the situation is not of their making. However, it is also not of CBS' making. The mortgage contract confirms that interest will be charged on the outstanding debt throughout the term of the mortgage, so CBS was entitled to charge the interest it did.

Where a mortgage lender decides to report to credit reference agencies, it is required to report accurate information. Again, I understand why Ms H and Mr S think it is unfair that their credit file is being adversely impacted by the missed payments, as until their insurer started paying for their alternative accommodation, they had no choice but to allow the mortgage to go into arrears. However, the simple fact is that the mortgage was in arrears and that had to be reported to credit reference agencies, albeit with a payment arrangement flag on it during the applicable period. I note that Ms H and Mr S appear to believe that they could have negotiated some form of arrangement if they had been able to speak to a manager in the summer of 2024, which would have prevented the ongoing damage to their credit file. I think this is highly unlikely, as I have said, if there are arrears, the lender has a responsibility to report them.

While Ms H and Mr S have not mentioned this final point in their complaint to us, I have considered it for completeness. CBS offered £100 compensation for the short delay between it receiving the information it had requested from Ms H and Mr S and it then asking them to complete another income and expenditure exercise. Having considered this delay, I am satisfied that the offer is fair and proportionate in the circumstances. If Ms H and Mr S wish to accept the offer, they should confirm this directly to CBS.

My final decision

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

Under the rules of the Financial Ombudsman Service, I am required to ask Ms H and Mr S to accept or reject my decision before 18 May 2026.

Derry Baxter
Ombudsman