

The complaint

Mr and Mrs S complain that Bank of Ireland (UK) Plc unfairly declined to extend the term of their interest only mortgage.

What happened

Mr and Mrs S took out an interest only mortgage with Bank of Ireland in 2004. The term expired in January 2025. Bank of Ireland offered a new mortgage on a repayment basis to Mr and Mrs S.

Bank of Ireland's process requires a refinancing with a new charge. There are charging orders on Mr and Mrs S's property. Bank of Ireland requires a first legal charge. This means Mr and Mrs S have to pay the charging orders before they can take out the repayment mortgage.

Mr and Mrs S ask that Bank of Ireland extends the term of their existing mortgage, so that the original charge remains in place and they don't have to repay the charging orders. Bank of Ireland says it can't extend the interest only mortgage as it no longer offers mortgages of that type (self-certified or flexible mortgages).

Our investigator said Bank of Ireland had acted fairly and in line with its lending policies.

Mr and Mrs S didn't agree. They say it's not their fault that Bank of Ireland changed its policy on what types of mortgages it offers. Mr and Mrs S say they've reduced the balance, and need an extension of less than two years to repay the mortgage. They say they have significant equity in the property so there's no risk to Bank of Ireland in extending the term.

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.

The term of Mr and Mrs S's mortgage expired in early 2025. They'd like Bank of Ireland to extend the term.

Bank of Ireland says it can't extend Mr and Mrs S's mortgage as it no longer offer mortgages of that type and extending their mortgage is outside its lending policies. Mr and Mrs S say this change in Bank of Ireland's mortgage products and lending policies since they took out their mortgage has unfairly affected them.

Mortgage lenders are entitled to make commercial decisions about their lending policies and the products they offer. They're entitled to change these from time to time. Given the amount of time that has passed, and the significant changes in mortgage regulation, it's not surprising there has been changes in Bank of Ireland's lending policies and products since Mr and Mrs S took out their mortgage. This isn't, in itself, unfair.

Mr and Mrs S were unable to repay their mortgage when the term expired. I'd expect Bank of Ireland to consider fairly what support it can offer to borrowers in that position.

Rules on mortgage regulation have changed since Mr and Mrs S took out a mortgage in 2004. Mortgage lenders have to carry out strict affordability checks before agreeing to offer or vary a mortgage. For an interest only mortgage this includes checking that the borrowers have a credible strategy to repay the balance. There are limited exceptions to this.

Mr and Mrs S are asking for a term extension, which requires a variation of the mortgage contract. Based on the available evidence, Mr and Mrs S didn't have a credible repayment vehicle in late 2024 that would have allowed Bank of Ireland to extend the term on an interest only basis for a short, defined period. So even if extending the term of this mortgage wasn't outside Bank of Ireland's policy, it might have been unable to offer this to Mr and Mrs S on affordability grounds.

Bank of Ireland assessed affordability and offered a new mortgage to Mr and Mrs S on a repayment basis over a term of about eight years. I think that was fair.

Taking out the repayment mortgage offered by Bank of Ireland involves an internal refinancing process, which means it needs a new charge on Mr and Mrs S's property. For most borrowers this would be no more than an administrative process. But the charging orders on Mr and Mrs S's property complicated matters. They can't remortgage with Bank of Ireland unless the charging orders are released. Mr S says the creditors won't release the charging orders unless the debts are paid. Mr S told the conveyancer in an email in March 2025 that he did not want to pay anything to the creditors "even though I have funds to be able to make a payment".

Bank of Ireland isn't prepared to offer a mortgage loan without taking a first legal charge on the property, and I don't think it's fair to require it to do so.

I understand the points made by Mr and Mrs S and why they want a term extension. This could be done on the basis of the original charge remaining in place. I'd expect Bank of Ireland to treat Mr and Mrs S fairly, and consider what options are available to help them arrange to repay the mortgage. Bank of Ireland offered a fair solution to Mr and Mrs S – a new mortgage repayable over a period it assessed as affordable. Mr and Mrs S are asking Bank of Ireland to offer a term extension instead (outside its lending policy) so that they can avoid or delay paying debts owed to other creditors. I don't think, in the circumstances, I can fairly find that Bank of Ireland ought to have made an exception and offered Mr and Mrs S a term extension.

Mr S says they recently made a payment to reduce the mortgage balance. He says they'll be able to repay the remaining balance within two years. I don't know if that changes the options that Bank of Ireland can offer. Mr and Mrs S would have to discuss this with Bank of Ireland. This complaint is about what happened before the complaint was referred to us, so I can't make any findings about that here.

My final decision

My decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S and Mrs S to accept or reject my decision before 10 February 2026.

Ruth Stevenson
Ombudsman