

The complaint

This complaint is about an expired interest-only mortgage that Mr C holds with Lloyds Bank PLC. The complaint relates primarily to how Lloyds dealt with Mr C's request to extend the mortgage in 2023, and its decision to pursue legal action to recover the debt in 2024.

What happened

The basic background to this complaint is well known to both parties so I won't repeat the details here. Our decisions are published, and it's important that I don't include any information that might result in Mr C being identified.

Instead, I'll give a brief summary of the complaint's current status and then focus on my decision and the reasons for it. No discourtesy's intended by that. It's a reflection of the informal service we provide, and if I don't mention something, it won't be because I've ignored it. It'll be because I didn't think it was material to the outcome of the complaint. This approach is consistent with what our enabling legislation requires of me.

It allows me to focus on the issues on which I consider a fair outcome will turn, and not be side-tracked by matters which, although presented as material, are, in my opinion peripheral or, in some instances, have little or no impact on the broader outcome.

Our Investigator thought that the part of Mr C's complaint relating to the decision not to extend the mortgage should be time-barred under our rules. On the element that he thought wasn't time-barred, he didn't think Lloyds had treated Mr C unfairly by its decision to begin legal action.

Mr C asked for the case to be reviewed by an ombudsman. In addition to disagreeing with the Investigator's findings on the merits of the issues he *did* consider, Mr C has continued to argue his case about the decision not to extend the mortgage in when it expired in 2023.

By way of a decision dated 3 December 2025, I explained why our jurisdiction to look into Mr C's complaint was confined to Lloyds starting legal proceedings in 2024 to recover the overdue mortgage debt.

What I've decided – and why

I'll start with some general observations. We're not the regulator of financial businesses, and we don't "police" their internal processes or how they operate generally. That's the job of the Financial Conduct Authority (FCA). We deal with individual disputes between businesses and their customers. In doing that, we don't replicate the work of the courts.

We're impartial, and we don't take either side's instructions on how we investigate a complaint. We conduct our investigations and reach our conclusions without interference from anyone else. But in doing so, we have to work within the rules of the ombudsman service.

We revisit jurisdiction at every stage of our case-handling process. I've read everything Mr C has sent us since I issued my jurisdiction decision on 3 December 2025. The submissions are comprehensive, but they don't include anything new that would cause me to change my mind on the remit I have to consider this complaint.

I've noted what Mr C has said about there being further dialogue on extending the mortgage after the final response of 8 March 2023, but that further dialogue didn't change the position already set out.

Mr C has also told us he now has a third complaint, which has arisen since the current complaint was referred to us. I've no remit to look at that. If he wishes us to look into it, he should let the investigator know so that a new complaint can be set up for us to consider separately. My jurisdiction is confined to the legal action taken to seek recovery of the mortgage debt.

It's for us, rather than the parties to the dispute, to decide where the crux of a complaint lies, and what evidence we need to reach a fair outcome on it. It's also for us to assess the reliability of evidence, from both sides, and decide how much weight should be attached to it. When doing that, we don't just consider individual pieces of evidence in isolation. We consider everything together to form a broader opinion on the whole picture, and just because particular items of evidence aren't expressly cited in my decision, it doesn't mean I haven't taken them into account.

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Having done so, it seems to me that this complaint is somewhat simpler than it's been made to look.

My starting point here is that this mortgage was originally due for repayment by 30 April 2023. I'm satisfied Lloyds took all the necessary steps to ensure Mr C was aware of this and the need to ensure he could meet his contractual obligation to clear the debt by the end of April 2023. I've seen copies of letters it sent him on this subject in May 2020, May 2022 and December 2022.

So it's fair to conclude that Mr C knew (or should have known) well in advance of the deadline for doing so, that he needed to ensure he had access to around £55,000 in time to repay the mortgage. Indeed, Mr C has acknowledged as much. Mr C has told us how difficult it would be to move home, due to serious health issues. I very much understand the point he's making, and I'm not unsympathetic. But it seems to me that this would have given Mr C an added incentive to do all he could, as soon as he could, to be ready to repay the mortgage in advance of the mortgage end date.

It seems that Mr C didn't have the amount he needed to repay the mortgage, and he asked Lloyds in early 2023 if it was willing to extend it. It's matter of record that Lloyds said no to that request. That decision formed part of Mr C's complaint to this service, but as I've already explained, we have no jurisdiction to consider that. This decision is about the subsequent legal action Lloyds took to recover the overdue debt.

Where there's a dispute about what happened, if the available evidence is incomplete and/or contradictory, we reach our findings on what we consider is most likely to have happened, on the balance of probabilities. That's broadly the same test that the courts use in civil cases.

Lloyds' case is that after a phone call from Mr C on 30 May 2023, despite numerous attempts to have him engage with it about the overdue debt, the next meaningful contact it received from him was when he raised the second complaint towards the end of 2024, after hearing from Lloyds' solicitors. I've looked at Mr C's timeline; I've also looked at Lloyds' contemporaneous contact history. Overall, neither shows any substantive response from Mr C indicating that he had both the means and the intention to pay the mortgage off, as he was now required to do. Overall, I find the business' evidence the more persuasive of the two.

As a result, whilst I understand Mr C found it unwelcome, I can't fairly conclude that Lloyds commencing legal action when it did was *unfair*. What it seems to have done is to prompt Mr C into addressing the problem, by accessing funds in his savings and pension provisions to bring the balance down, and engaging a financial advisor to help him resolve the situation.

I can see from the correspondence he's provided that Mr C has faced various delays and obstacles in his dealings with various third parties (for example HMRC) regarding access to funds. I've no doubt that's been immensely frustrating for him, but it's not down to any failings on Lloyds' part. What it does do however, is illustrate the value of Lloyds issuing reminders about the impending expiry of the mortgage as far back as 2018.

It's standard practice for lenders to do that. It allows borrowers to take action as soon as possible to be ready for the mortgage end date, and to avoid exactly the kind of problems Mr C has encountered since he began trying to realise the funds, around a year and half after the mortgage expired.

Mr C has said that by its actions since refusing to extend the mortgage formally, Lloyds has effectively provided an extension informally, so it might as well have just agreed to his request and spared him the stress and worry. That's very much not the case. There is a substantial difference between a lender agreeing a new contractual term (which Lloyds did not do) and a lender allowing some flexibility for a borrower to pay the mortgage back rather than immediately seeking to enforce its security as soon as the original contractual term has expired (which Lloyds did do).

Lastly, I've noted what Mr C has said about his annual statement including a narrative expressing the hope that he'll be with the business in the coming year. I've looked at that; it's parts of a generic welcome message introducing the annual statement. Rather than accept it on face value, as Mr C has said he did, the prudent thing to do was to weigh it against the considerable bulk of specific communications the business had sent Mr C about the expiry of his mortgage, and the decision not to extend it. That's what I've done, and I'm not convinced that the statement narrative could reasonably be inferred as meaning Lloyds had extended the mortgage term.

That begs the question of what happens next. At the time of Lloyds' submission to us in August 2025, Mr C had substantially reduced the mortgage balance but not cleared it in full. Of course, it's possible he's done that since then, but if he hasn't, then his dealings with Lloyds aren't yet concluded. If so, he'll need to re-engage with the business to agree a plan for settling the residual balance, hopefully without recrimination over what has gone before. I very much hope he can reach such an agreement, and that Lloyds does not need to consider resuming legal action to enforce its debt. I'm not saying it will, or even should, do that. I'm merely reminding Mr C that it *could*.

My final decision

My final decision is that I don't uphold this complaint, or make any order or award against Lloyds Bank PLC.

My final decision concludes this service's consideration of this complaint, which means I'll not be engaging in any further discussion of the merits of it.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 4 February 2026.

Jeff Parrington

Ombudsman