

The complaint

Mr J's complaint is about a mortgage he has with Kensington Mortgage Company Limited. He is unhappy with the information that Kensington has reported to credit reference agencies about missed payments. In addition, Mr J is unhappy that Kensington didn't proactively offer him advice about interest rate products, and he believes if it had, he would have paid less interest over the last ten years.

What happened

In 2014 Mr J took advice from an independent mortgage adviser, which recommended that he take a mortgage with Kensington. The mortgage was for £78,000 plus fees on a repayment basis over a term of 25 years. A fixed interest rate product was attached to the mortgage for the first two years. At the end of the two years, the mortgage reverted to a variable interest rate.

No further interest rate products were applied to the mortgage. Mr J experienced periods of financial difficulties during which arrears built on the account, which were then repaid under payment arrangements. The mortgage is currently in arrears and has been since the spring of 2023.

Mr J complained to Kensington in December 2024 about the information it had reported on his credit file and the impact it was having on him. Kensington responded to this complaint in a letter of 16 December 2024. It didn't uphold the complaint. It told Mr J that he could refer the complaint to us for consideration, but that he needed to do so within six months of the date of the response letter.

Mr J contacted us on 21 July 2025 to ask us to consider his complaint. When we informed Kensington about the referral, it confirmed that Mr J had not raised the complaint about advice regarding interest rate products with it. Kensington set up a new complaint to consider this issue and issued its response in a letter of 28 August 2025. It didn't uphold the complaint.

One of our Investigators looked into Mr J's complaint. She concluded that the complaint about the information reported to credit reference agencies had been referred to us too late, as such we could not consider its merits. However, we could consider the merits of Mr J's concerns about interest rate products. She went on to do so, but she didn't recommend that it be upheld.

Mr J didn't accept the Investigator's conclusions. Further correspondence was exchanged, in which Mr J explained why he thought the Investigator was wrong to conclude that the first part of his complaint fell outside our jurisdiction. As the Investigator was not persuaded to change her conclusions, Mr J asked that the complaint be referred to an Ombudsman.

I issued a decision setting out our jurisdiction on 5 January 2026, in which I concluded that the complaint about the data reported to credit reference agencies fell outside our jurisdiction. I confirmed that the second complaint about interest rate products fell within our jurisdiction and that I would go on to consider the merits of that issue.

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.

Mr J said to us in the complaint form he completed that he thinks that Kensington should have contacted him at 'each renewal' to remind him what product was attached to his mortgage and to recommend a replacement from its then existing range. I can understand why, with hindsight, Mr J would now like this to have happened. However, the fixed rate initially attached to his mortgage ended in 2016. At that time all that was required of a lender when an interest rate product ended was to inform the customer what the new monthly payment would be. There was no requirement for the lender to remind the customer that their product was coming to an end. If Mr J had wanted a new interest rate product when the first one expired, or at any time thereafter, it was for him to ask for information and, if appropriate, advice. So I can't find that Kensington did anything wrong in not proactively contacting Mr J about the potential to add a new interest rate product to his mortgage in 2016 or subsequently.

I have reviewed the contact notes available from Mr J's conversations with Kensington about his mortgage. There is no mention of Mr J asking about a new product until March 2021. It was explained at that time that Mr J would have to fulfil certain eligibility requirements and if they were passed, a change to the interest rate could be considered. At that time, one of the eligibility criteria was that the account had to have been free of arrears for a year, which Mr J's account had not been at that time.

Mr J again raised the issue in November 2022, just after he had again cleared the arrears on the account. Kensington explain that Mr J was not eligible for a new product. It did, however, suggest that Mr J might want to speak to an independent broker or financial adviser to see what options were open to him.

Mr J does not appear to have raised the issue again until he made the complaint to this Service in 2025. By this time Kensington had changed its eligibility criteria slightly – it no longer required a customer to have been arrears free for a year. However, it still required there to be no arrears on the account and only a minimal fees balance. As Mr J was in arrears at that time, he was not eligible for a new product.

It is not unreasonable for a lender to have eligibility criteria for changes to a mortgage, be that an interest rate change or alterations to the term or repayment method. However, there will be times when applying those criteria may not be appropriate or in the best interest of a customer where they need support from the lender. An example of this may be allowing a new product to be attached sooner than a lender would usually require them to be arrears free. However, that would be dependent on the overall circumstances of the customer, as there are potential drawbacks to a new product being attached to a mortgage. The main one being that if the mortgage has to be repaid during the term of the product, an early repayment charge will be due, which can have a significant impact on the cost of repaying a mortgage.

It is clear that Mr J didn't fulfil Kensington's criteria for new products on any of the occasions he raised the issue. In the case of the first two occasions, while there were no arrears on the account at the time, the arrears had not been cleared for as long as Kensington wanted to be sure that a new product wouldn't disadvantage him. Indeed, on one of the occasions, the arrears had only just been cleared. Given that Mr J's account had gone into and out of arrears several times over the previous years, I am not persuaded that it was unreasonable for Kensington to apply its criteria in the way it did.

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 Mr J to accept or reject my decision before 6 February 2026.

Derry Baxter
Ombudsman