

The complaint

Ms F and Mr P complain that The Royal Bank of Scotland Plc trading as The One Account did not treat them fairly when they experienced financial difficulty.

What happened

In 2008, Ms F and Mr P took out a mortgage with The One Account. It was a flexible mortgage that allowed under and overpayments and additional borrowing up to an agreed limit.

Ms F and Mr P said that they began experiencing financial difficulty in 2020. They said they contacted The One Account for help. But each time they did so it has made matters worse – either by making mistakes or not doing what it promised. They said they'd been offered no practical help. And The One Account has inappropriately reduced the facility limit. Mr P has been dealing with this matter. He said it has caused him serious distress and harmed his mental health.

I issued a jurisdiction decision explaining that I could not consider the complaint that was dealt with in The One Account's final response dated 24 January 2025.

I then issued a provisional decision proposing to uphold the complaint. Subject to any further submissions, my provisional findings, which form part of this decision, were:

This mortgage was taken out jointly with Ms F and Mr P. But I understand that Mr P has maintaining the mortgage on his own since they separated. And this complaint has been largely conducted by Mr P. Therefore my decision will largely focus on the impact of this matter on Mr P. But because the mortgage remains in joint names, it is reasonable for The One Account to require Ms F to agree to any changes that might affect her. But that does not prevent it allowing changes to the mortgage that will help Mr P but are not potentially detrimental to Ms F.

The One Account was on notice that Mr P was vulnerable on 12 March 2024. It was aware that he was experiencing financial difficulty, he lacked financial resilience and had been diagnosed with depression.

I have challenged The One Account a number of times to explain why it considers it dealt appropriately with Mr P once it identified he was vulnerable. It said:

“Mr P is recorded as vulnerable on our systems (since February / March of this year). This record is to alert staff to a vulnerability so that we can tailor the service we provide. This can result in a referral to our Specialist Support Team who are best placed to help customers in situations such as Mr P's. All of our staff are trained in helping customers in vulnerable situations and this training is regularly refreshed year on year.”

That supports that The One Account did not properly record that Mr P was vulnerable. It had consent from him to record on its systems in March 2024 – but it did not do so until 2025.

I accept that it referred Mr P to its support team and its staff may be trained to help vulnerable customers. But it has not explained what support it actually offered Mr P or how that shows that it has satisfied the relevant rules and regulations.

Looking at what both The One Account and Mr P have said and the evidence I have, The One Account's approach here seemed process driven rather than offering any practical assistance that would help Mr P in his individual circumstances.

For example, Mr P was referred to The One Account's support team. It is not clear why that was or what assistance they offered Mr P. Mr P has told us that he understood that the reason for the referral was so that he could be offered help with his financial difficulty – but when he spoke to the support team he was told that it could only help him with communication.

But The One Account had a duty to take into account any characteristics of vulnerability whenever it spoke to Mr P. And that does not only mean in the way it communicated with Mr P – it was also required to exercise some flexibility and to think about what was appropriate for Mr P's individual circumstances not just following rigid processes. It has not demonstrated it has done so in this case. Therefore I do not consider The One Account has treated Mr P fairly. There is more it could have done both in terms of its communication and the individual support it offered Mr P.

In March 2024, Mr P gave The One Account further details about his financial difficulty. It told him that to consider "deferral and repayment options" it would need details of his income and expenditure. The notes say Mr P "couldn't do a mortgage switch". But that does not reflect that The One Account properly took account of Mr P's vulnerability. If it had it is likely that it could have set out a more flexible set of options for Mr P than it did. It is likely things would have gone differently if it had done so.

While I accept that Mr P did not provide the information that The One Account might need to explore the options it could offer him, that was likely due to a failure by the One Account to properly tailor its communication to him and not to exercise any flexibility or properly explain what help it might have been able to offer. So like the investigator I consider there is more that The One Account should have done in March 2024.

The investigator said that The One Account should consider an application from Ms F and Mr P to a conventional mortgage on an interest only basis and if it is approved backdate it to May 2024. The One Account has told us the application would be approved subject to both Ms F and Mr P agreeing to it.

I consider that is likely to be a fair way to resolve this complaint. It seems like a reasonable option for a business to offer in the circumstances here. There is no requirement for any affordability check to be carried out and it would appear to help Mr P with affordability.

I understand why Mr P considers that he should be allowed to choose a current interest rate and have it backdated. But I couldn't reasonably say that was a fair outcome. Where I find that a consumer has not been treated fairly we usually look to put them back in the position they were in if they'd been treated fairly. So the rates available now would not have been available in May 2024. Therefore I could not say that The One Account should backdate the current interest rates.

But backdating the rate to May 2024 is likely to present some difficulties. I understand the term of the mortgage is due to end in June 2027. So if a two year fixed rate was backdated to May 2024 it would end in around May 2026 and the mortgage would revert to the SVR. That would appear to cause some problems.

As I see it there are two options:

- 1) Ms F and Mr P can choose a two year fixed rate that was available from RBS in March 2024. I see no reason to say it would have taken two months to put a new product in place. The rates should be backdated to that date and any overpayments refunded with interest at 8% simple per year. That rate would end in around March 2026. The One Account should offer another interest rate product – whether bespoke or from its product range that will last to the end of the term – or extend the term to accommodate another fixed rate.
- 2) Ms F and Mr P can choose a two year fixed rate from RBS that will end when their mortgage ends – presumably that would have been available from around June 2025. The rates should be backdated to that date and any overpayments refunded with interest at 8% simple per year.

The difficulty with option 1 is that it might require the term of the mortgage to be extended to accommodate another fixed rate. That might not be in Ms F and Mr P's best interests – they will have the mortgage for longer. But they might have found themselves in that position in any event had they been treated fairly.

The problem with option 2 is that it does not reflect that Mr P has paid more interest than he otherwise would have from March 2024. In saying that it means that he will benefit from a lower interest rate and it will align with the existing term of the mortgage. It means looking at thing with the benefit of hindsight. But I think that is pragmatic and fair in the circumstances.

I would ask Ms F, Mr P and The One Account to provide their thoughts on my proposed redress in response to my provisional decision. Both Ms F and Mr P would need to agree to any changes to the mortgage product as I understand that any fixed rate would have an early repayment charge.

Mr P has told us about the significant impact this matter has had on him and his mental health. I consider The One Account should compensate him for that. I do not consider it was the sole or primary cause of all those problems and Mr P would always have struggled to some extent because of his personal circumstances. But I accept The One Account has caused Mr P unnecessary distress, inconvenience and suffering for over 18 months, including an impact on his mental health.

I consider an award of £1,500 for Mr P is appropriate in the circumstances. That reflects the failure to recognise his vulnerability and to offer proper support. That has caused him to unnecessarily pay more than he otherwise would have to his mortgage for around 18 months when he was already in financial difficulty. It also caused additional inconvenience and worry when he did not receive appropriate help and support. The One Account was aware of his vulnerability – it was entirely foreseeable that it could cause real harm and suffering by not providing proper support.

I note Mr P has referred to guidelines a court would take into account when awarding compensation. It is open to him to take this case to court if he rejects this decision. But I am satisfied that the amount I have recommended is fair and reflects the individual circumstances of this complaint and how we assess compensation.

I am also proposing additional compensation to reflect additional distress and inconvenience caused by The One Account's handling of this complaint. There are at least eight weeks of delays in providing information and it has not provided all of the information we requested. A lot of the information should have been provided without us having to request it.

It is not clear of the relevance of some of the information it has provided to our investigation. For example a number of call recordings where Mr P says it is not convenient to take a call. Its responses have lacked sufficient detail and do not show that it has understood its regulatory requirements or that an appropriate investigation has been carried out.

I consider The One Account's handling of this complaint while it has been with us has hampered our investigation and caused it to go on for longer than otherwise would have been necessary. This has caused Mr P and Ms F further avoidable and unnecessary inconvenience. I consider that it should pay Mr P a further £300 and Ms F £100 to reflect that.

Lastly, Mr P has complained that The One Account about the £4,000 that was paid to reduce the facility. That would not have been necessary if The One Account has treated Mr P fairly as set out above – and I have taken into account any distress that payment caused in my award of compensation. But I do not think it has caused Ms F and Mr P a financial loss – it has reduced the interest they have paid.

I proposed that The One Account should:

1) Let Ms F and Mr P choose a two year fixed rate that was available from RBS in March 2024. The rates should be backdated to that date and any overpayments refunded with interest at 8% simple per year. That rate would end in around March 2026. The One Account should offer another interest rate product that will last to the end of the term – or to extend the term to accommodate another fixed rate; or

2) Let Ms F and Mr P can choose a two year fixed rate from RBS that will end when their mortgage ends – presumably that would have been available from around June 2025. The rates should be backdated to that date and any overpayments refunded with interest at 8% simple per year.

And:

- Pay Mr P a total of £1,800.
- Pay Ms F £100.

The One Account said it had nothing further to add. It confirmed that it could refund the £4,000 payment if requested by Mr P, but it would increase the balance of the mortgage.

Mr P did not accept my provisional findings. Ms F indicated she would accept my provisional decision.

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 P has set out his reasons why he does not agree with my provisional decision. But after considering everything he's said I still consider what I have proposed is a fair and reasonable way to settle this complaint.

The mortgage is in joint names – and this complaint has been brought by both Ms F and Mr P. It is not for us or The One Account to get involved in any dispute between the parties. But it is reasonable for The One Account to require both Ms F and Mr P to agree to any changes to the mortgage that might be to their detriment – for example if a new product includes an

ERC or for a term extension. That applies even if both Ms F and Mr P accept this decision.

If my decision is accepted and Ms F and Mr P choose option 1 – it seems unlikely that backdating an interest rate product would cause any real detriment to either party. That is because the fixed interest rate and any ERC would likely expire around March 2026. In the circumstances, it seems unlikely that the mortgage would be repaid and an ERC incurred before then.

If Ms F and Mr P choose option 1, The One Account should let Ms F and Mr P choose from any two-year fixed rates that were available in March 2024. While rates might have gone down since then, I am satisfied that would return them to the correct position. Alternatively they can choose option 2. They can then choose a two-year fixed rate that applied from around June 2025 that aligns with the end of their existing term. For either option, it is reasonable for the lender to apply any product fee that would have been applicable.

If Ms F and Mr P accept the decision, The One Account would be legally bound to put in place what I have told it to do in my decision – albeit it must be satisfied that both Ms F and Mr P agree to any future changes. It would be very unusual in my experience for a business not to comply with a decision. But if it does not do so, Ms F and Mr P would be able to enforce the decision in court.

The One Account will not carry out any additional checks or require a full application as Ms F and Mr P will not be increasing their borrowing and they are already on an interest only mortgage. I am satisfied that the changes are in their best interests overall. It reduces the interest and monthly payments due. And Mr P has set out he intends to sell or remortgage at the end of term. And The One Account has confirmed that *“approval has been granted for the switch to a Core interest only mortgage should we receive the consent of both parties to the change.”*

If Ms F and Mr P choose option 1, unless The One Account can give them a fixed rate that aligns with the existing term once the backdated rate ends – and I would urge it to consider that as it would avoid a term extension being necessary. But if not, then a short term extension would be needed to accommodate a follow on two-year fixed rate. I asked both sides for comments on that. The One Account did not provide any comments. That is not helpful. I am conscious that this complaint has taken some time to resolve and I want to avoid any problems if this decision is accepted.

In the circumstances, under option 1, I consider it is likely to be in Ms F and Mr P’s best interests for the term to be extended so that they can take another two-year fixed rate once the backdated rate ends. I say that as if they did not have a fixed rate, then they would have around a year where they would revert to the SVR.

There are some downsides to extending the term. They will have to support the mortgage payments for longer and they will have an ERC that will apply until the term end. That removes some flexibility if Mr P is intending to sell the property or remortgage. I would stress that The One Account would be entitled to look for the debt to be repaid at the end of the term, whether extended or not – although it should give a reasonable amount of time to allow Ms F and Mr P to carry out their plans.

Ultimately, if they accept this decision, it is for Ms F and Mr P to decide if they wish for the term to be extended to accommodate another two-year fixed rate or not – and they would both have to agree to that. But I consider if that is what they both want then The One Account should agree without any further checks. I say that as The One Account has been given a fair opportunity to provide its comments and has chosen not to do so. I can take into account its failure to provide information I have requested. So I have assumed that it does

not have any reasons or objections to the term being extended to accommodate a new two-year fixed rate. Therefore it should agree an extension without any further checks if that is what Ms F and Mr P want.

By accepting the decision Ms F and Mr P would be agreeing that The One Account can make the changes I set out in my provisional decision. There might be some paperwork for them to complete – but that is not unreasonable and reflects that lenders are required to give borrowers clear, fair and not misleading information. And it is likely they would have to engage with The One Account about other things – for example which option they want, the interest rate(s) they have chosen and whether they both agree to the term being extended if that is necessary.

I know Mr P is worried that about having to deal with The One Account again. But he has an ongoing relationship with it. It is unavoidable for him to have some dealings with his mortgage lender and indeed to put in place the agreed redress. I'd expect The One Account to put in place the redress promptly and with the minimum inconvenience to Ms F and Mr P. But it is likely to involve some contact with Ms F and Mr P.

If Ms F and Mr P accept the decision the refund of the difference in payments and the interest should be made to Mr P as I understand he has made all of the payments. He's asked that The One Account should make the payment to his bank account, rather than by cheque.

Mr P considers the awards of £1,500 and £300 for the impact on him is insufficient. But awarding compensation for distress and inconvenience is not an exact science. I have already explained our guidelines for making awards. After weighing up everything Mr P has said and provided, I still consider my proposed award is a fair amount to reflect the impact of this matter on him. I consider it would be very difficult for me to find that The One Accounts acts and omissions were the sole or primary cause of the difficult time Mr P has been through. My award is not intended to punish The One Account and the rate of interest it charges has little relevance to the amount of the award.

Lastly, The One Account has said it can refund the £4,000 payment to Mr P. It should tell him how he can get that refunded, if he still wants that.

My final decision

My final decision is that The Royal bank of Scotland Plc trading as The One Account should:

1) Let Ms F and Mr P choose a two-year fixed rate that was available from RBS in March 2024. The rates should be backdated to that date and any overpayments refunded with interest at 8% simple per year. That rate would end in around March 2026. The One Account should offer another interest rate product that will last to the end of the term – or to extend the term to accommodate another fixed rate; or

2) Let Ms F and Mr P can choose a two-year fixed rate from RBS that will end when their mortgage ends – presumably that would have been available from around June 2025. The rates should be backdated to that date and any overpayments refunded with interest at 8% simple per year.

- The One Account should provide a breakdown of its calculation when it pays they redress to Mr P

And:

- Pay Mr P a total of £1,800.
- Pay Ms F £100.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms F and Mr P to accept or reject my decision before 26 February 2026.

Ken Rose
Ombudsman