

The complaint

Mr and Mrs C complain that Bank of Scotland plc reported incorrect information about their mortgage to the credit reference agencies and failed to make adjustments when told about Mr C's vulnerabilities. Mrs C has dealt with the complaint.

What happened

Mr and Mrs C took out a mortgage with Bank of Scotland in 2008 on an interest only basis. The mortgage was in arrears from 2016. The arrears were capitalised in September 2025.

Mrs C says that Bank of Scotland recorded missed payments on their credit files, which she says is inaccurate and unfair. Mrs C says Bank of Scotland failed to make adjustments (such as sending communications only to her). This was despite it being told about Mr C's mental health issues and how receiving letters, calls and messages about the mortgage affected him.

In response to Mr and Mrs C's complaint, Bank of Scotland said it had removed Mr C's mobile number from its records so that he wouldn't receive further calls or text messages. It said it should have done this sooner. It agreed that a letter sent in September 2025 was badly worded. It paid £1,000 for poor service and missing opportunities to support Mr and Mrs C better.

Our investigator said the information reported by Bank of Scotland to the credit reference agencies (that the mortgage was in arrears) was correct. He said Bank of Scotland should have made adjustments when told about Mr C's vulnerabilities. He said the communications it sent to Mr C caused significant distress over a long period of time. And the letter it sent in September 2025 had a severe short term impact, resulting in Mr C being hospitalised. Our investigator recommended that Bank of Scotland pay compensation of £2,000.

Bank of Scotland agreed to pay £2,000. It said to halt sending letters to Mr C it would need consent from Mr C, a power of attorney or supporting medical evidence.

Mrs C said she understands that the information reported to the credit reference agencies is correct. She said the complaint is centred on Bank of Scotland's poor handling of their vulnerabilities.

Mrs C said £2,000 doesn't adequately reflect the severity, duration and preventable nature of the harm caused. Mrs C said she'd told Bank of Scotland in January 2018 about Mr C's vulnerabilities and asked for all communications to be directed through her. She says she repeated this in 2020, 2023 and 2025. Mrs C told us about the effect on Mr C of receiving letters and texts about the mortgage arrears, and how this also affected her.

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.

Given that Mr and Mrs C accept the information reported to the credit reference agencies is correct, I don't see any need to set out findings about this in any detail. For completeness, I'll just say that I also think the information reported by Bank of Scotland to the credit reference agencies regarding Mr and Mrs C's mortgage was accurate and fair.

Mrs C says the more important part of their complaint is how Bank of Scotland responded when it was told about Mr C's mental health issues. And what amount of compensation is fair and reasonable for the impact on them of its failure to support them and make adjustments in how it communicated with them.

I must be fair to both parties. So I'll start by saying that Bank of Scotland did take some positive steps to support Mr and Mrs C.

In 2018, Bank of Scotland held recovery action and limited its contact with Mr and Mrs C when told about how Mr C was affected by a family member's illness and death. It asked for a suspended (rather than outright) possession order, after hearing that Mr C's mental health had deteriorated.

Mr and Mrs C had significant mortgage arrears. By late 2018 their arrears were about £15,000. The arrears stayed at about that level until March 2020. From March 2020 to September 2021 Mr and Mrs C made no payments as they were unable to work. By 2022 their arrears were about £40,000.

While I understand it was upsetting for Mr and Mrs C to receive letters about the arrears, I think it's right and fair that Bank of Scotland kept Mr and Mrs C updated about their account and potential recovery action.

From early 2022 Mr and Mrs C's circumstances improved and they resumed monthly payments, which they mostly maintained. In 2023 Mrs C said they could also make payments towards the arrears. Bank of Scotland asked for income and expenditure information and agreed payment plans.

Towards the end of each payment plan, Bank of Scotland would send a reminder letter and/or text message asking Mr and Mrs C to get in contact. I don't think this was in itself unfair. Bank of Scotland needed up to date information about Mr and Mrs C's circumstances (which did change) and agree an affordable payment plan with the aim of clearing the arrears. In September 2025 the remaining arrears were capitalised.

However, Bank of Scotland did make errors. In particular, it failed to consider how it could better support Mr and Mrs C in the way that it communicated with them.

Mrs C told Bank of Scotland about Mr C's mental health issues in 2018. She said that all contact about the mortgage should be with her. She told Bank of Scotland later in 2018 that Mr C's mental health had deteriorated after a family member had died. Mrs C had similar discussions with Bank of Scotland on other occasions. For instance, in early 2023 Mrs C again told Bank of Scotland about the impact of letters and texts on Mr C.

Mrs C referred to the Vulnerable Customer Guidance issued by the regulator (the Financial Conduct Authority or FCA) in early 2021. Regulation and guidance as to how businesses support vulnerable customers have changed since Mr and Mrs C's mortgage fell into arrears. As well as the regulations referred to by Mrs C, the Consumer Duty, which took effect in mid-2023, imposed additional obligations on firms. I can't fairly find that Bank of Scotland should have acted in accordance with the Vulnerable Customer Guidance or Consumer Duty prior to them taking effect (it should certainly have done so once they were in effect). But it did have to meet rules in place at the time, including having appropriate policies and processes

to ensure fair treatment of vulnerable customers with mortgage arrears.

Bank of Scotland said it should have acted sooner to stop calls and messages to Mr C's mobile phone. It's now done this. It says it would usually need the account holder's permission to suppress letters. I understand why that is. But I think it ought to have been more flexible and sympathetic here, given what it was told by Mrs C about the impact on Mr C of receiving letters. It ought to have given Mrs C information about what she'd need to provide for it to stop letters to Mr C.

Bank of Scotland told us it would need Mr C's consent, a power of attorney or supporting medical evidence to halt letters. From what Mrs C has said, I think it's likely she'd have been able to provide this, if asked.

Mrs C was in practice managing the account and communications with Bank of Scotland. I think it would have been straightforward for Bank of Scotland to remove Mr C's mobile phone number, which would have meant he didn't receive messages or calls. And it could have asked Mrs C for the information it needed to suppress letters to Mr C.

Putting things right

Mrs C says the considerable distress caused to Mr C could have been avoided if Bank of Scotland had – as she requested – directed letters, calls and texts to her only.

Mrs C told us about the severe impact on Mr C of receiving communications about the mortgage. She says he was in a near-constant fear of contact about the mortgage. She's also told us how this affected her, having to care for Mr C and act as "gatekeeper", trying to intercept communications that act as a trigger for him. This was over a period of about seven years. Mr C received a text message from Bank of Scotland in September 2025 that Mrs C says caused a collapse that required immediate intervention and led to him being hospitalised.

In September 2025 Bank of Scotland sent a letter saying Mr and Mrs C had missed a payment and owed about £24,000 for the missed amount. Bank of Scotland accepts this was badly worded. Adding to the upset, Mr and Mrs C received several letters at about the same time in September 2025. Some letters were about payment of the arrears, others about the capitalisation of the arrears. It seems postal issues meant they arrived at about the same time.

Mrs C says £2,000 doesn't reflect the severity or longevity of the harm caused, which could have been avoided if Bank of Scotland had adjusted its communications sooner.

Mr and Mrs C's circumstances were very difficult, both personally and financially, during this time. From what Mrs C has said, Mr C was badly affected by the illness and death of a family member. They had other personal matters to deal with. And they had financial difficulties over many years, including significant mortgage arrears, which must have been extremely worrying. I can't in fairness find that receiving communications from Bank of Scotland was the only cause of Mr C's mental health issues and Mr and Mrs C's distress. But I do think its failure to adjust its communications to Mr C caused additional distress over a number of years that could have been avoided. For the additional distress this caused to Mr and Mrs C, I think £2,000 compensation is fair and reasonable.

My final decision

My decision is that I uphold this complaint. I order Bank of Scotland plc to pay £2,000 to Mr and Mrs C. It can deduct any compensation already paid.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C and Mrs C to accept or reject my decision before 13 May 2026.

Ruth Stevenson
Ombudsman