

## The complaint

Miss O is unhappy with how she's been treated by Vida Bank Limited trading as Vida Homeloans, in relation to her mortgage.

She believes that Vida should've done more to help her, given her circumstances.

## What happened

Miss O held a mortgage with Vida. The mortgage was taken out in joint names with her ex-partner, who isn't joined into the complaint.

It looks like Miss O's ex-partner moved out of the property in 2020 and that only Miss O was making the mortgage payments from that point forwards. Miss O has told us she's been the victim of domestic and economic abuse by her ex-partner.

The mortgage began in 2018, arranged through a broker. The amount borrowed was £260,720 over a 29-year term, on a repayment basis. The mortgage had an initial interest rate of 3.74% fixed for five years. This initial interest rate ended in September 2023, when the interest rate moved to a variable rate that was much higher – nearly 10%.

Arrears on the mortgage began in 2020 and Vida charged several monthly arrears fees until it obtained a Suspended Possession Order (SPO) in November 2022, requiring Miss O to pay the Contractual Monthly Payment plus £100 each month. The arrears stood at around £21,300 at that point in time. Miss O managed to keep up with the payments required under the SPO until the end of the initial fixed rate period.

Miss O says that in early 2023 she was told by Vida that when the initial fixed rate ended, she would be able to switch the mortgage to interest only, and that her payments would be around £750 a month.

When the initial fixed rate ended, the interest only payments were £1,800 a month, which Miss O couldn't afford. Vida wouldn't agree a new rate or switch to interest only payments because of the arrears on the account and affordability concerns. Vida did agree payment arrangements from this point meaning that Miss O wasn't required to meet the full contractual monthly payment, including an arrangement where Miss O wasn't required to make any payments from July 2024 to when the property was sold and the mortgage repaid in February 2025.

Vida continued to charge interest and when the property sold, the total outstanding balance was a little over £300,000, inclusive of the arrears. The balance was repaid from the proceeds of the sale, and after costs Miss O ended up with around £138,000 in equity.

In March 2024, Miss O complained to Vida about the application of fees and charges, and that the interest it had charged was unfairly high. She said she was doing all she could to sell the property to be able to repay the mortgage, but that her ex-partner was being obstructive and slowing things down. Vida didn't uphold the complaint, and Miss O referred the matter to the Financial Ombudsman Service.

An Investigator here said that Vida had been entitled to apply the monthly arrears and solicitor charges and had shown appropriate forbearance in agreeing payment arrangements with Miss O whilst she couldn't afford the monthly repayments and was trying to sell the property. The Investigator didn't think Vida had acted unfairly in declining a new interest rate or switch to interest only, but did say that as reasonable forbearance Vida should've considered waiving interest when the property sale had been agreed in December 2024.

Neither party agreed with this assessment. In summary, Miss O said that not enough emphasis had been placed on Vida giving her incorrect information in early 2023 about being able to switch to interest only and the impact this had on her. She said that given her vulnerable circumstances, Vida should be made to go further in removing fees, charges and interest and also pay compensation for the distress and inconvenience she suffered because of its actions.

Vida said it had been entitled to continue to charge interest until the mortgage was redeemed. It said the regulatory statement the Investigator had cited applied to Consumer Credit, not regulated mortgage contracts.

Other than questioning the applicability of some of the solicitor fees, the Investigator's assessment remained the same, so the case was passed to me to decide. In January 2026 I issued a Provisional Decision (PD). Within it, I said the following:

*"The investigator referred to the Financial Conduct Authority's recent policy statement, PS24/2. That statement introduced new rules around supporting borrowers in financial difficulty. I don't agree with Vida that these only applied to consumer credit lending; they applied to mortgage lending too.*

*Among the new rules introduced were MCOB 13.3.4A R (1) (c) and (ca), which say that as part of forbearance lenders should consider waiving or deferring payment of capital or interest, and should consider reducing the interest rate being charged to the customer, or applying simple rather than compound interest. But the rule doesn't say that lenders must do any of those things - only that they are among the options to be considered. Having thought about this carefully, I don't agree that it would have been fair to expect Vida to have waived interest while the property was being sold.*

*I'll explain why, and I'll also explain why I may require Vida to remove some of the solicitor fees, depending on its response to this provisional decision.*

*First, I wish to thank Miss O for sharing the information she has about her circumstances. I'm sorry to hear about everything she's experienced and accept she's been through a very challenging time. I also note her strength of feeling about the way Vida has treated her.*

*This case is ultimately about whether Vida has treated Miss O fairly. In considering this, I think the following questions are key:*

- *Has Vida shown appropriate forbearance to Miss O, given the financial difficulties she faced? As part of this, was it fair for Vida to continue to charge interest throughout?*
- *Did Vida give Miss O incorrect information in early 2023 about being able to switch to interest only at the end of the fixed rate period? What impact did this have?*
- *Has Vida fairly applied fees and charges to the mortgage?*

*I've considered each of these issues.*

*Has Vida shown appropriate forbearance to Miss O?*

*Lenders are required to support borrowers who experience difficulty making their mortgage repayments. What represents appropriate forbearance will depend on the particular circumstances of the borrower and the mortgage.*

*Miss O first experienced difficulty making the mortgage repayments in 2020. Vida didn't immediately take possession action – it didn't obtain an SPO until November 2022, by which point the mortgage was approximately 15 months in arrears.*

*After a court granted Vida the SPO, Miss O was able to meet the terms of the order until the initial fixed rate ended. At that point, Miss O wanted Vida to switch the mortgage to interest only payments, on the basis this would be more affordable. However, after the initial fixed rate ended, the mortgage reverted to a variable rate, in line with the terms of the mortgage offer Miss O had agreed to when she took out the mortgage in 2018. This meant an interest rate of nearly 10% and, at that interest rate, the monthly payments paying the interest only would've been around £1,800.*

*Both Miss O and Vida considered this unaffordable for Miss O. There are various options a lender can consider in terms of providing forbearance to a borrower experiencing financial difficulties. It can sometimes be appropriate to offer a borrower the opportunity to switch to a product with a lower rate of interest. However, Miss O was substantially in arrears at this point, and considering selling the property. Vida says under its policy, it wouldn't agree a product switch to a borrower in arrears. Vida is entitled to have such a policy, although where a lender has such a policy, it must always consider if applying the policy for a particular customer is fair.*

*Vida also said it didn't offer any products without an Early Repayment Charge (ERC). In the circumstances, offering a product switch may well have been inappropriate as it had the prospect of making Miss O's situation worse – if the property was sold before the end of new product term, the application of an ERC would increase the balance payable.*

*Also, when the fixed rate came to end in September 2023, interest rates had increased significantly from when the mortgage began in 2018, such that even if there hadn't been the ERC issue, a product switch probably wouldn't have meant the mortgage repayments would have become affordable for Miss O.*

*For those reasons I don't think it was unfair that Vida didn't offer a new interest rate. Doing so wouldn't have made the mortgage affordable for Miss O - either on repayment or interest only terms - and would have meant she would have had to pay an ERC, reducing her equity further, when the property was sold.*

*Miss O had said she wanted to switch to making interest only payments. However, this would not have made the mortgage repayments affordable for her. In the circumstances, I also don't consider it was unreasonable for Vida to decline this.*

*Miss O says Vida should've waived or reduced the interest it was charging on the mortgage from 2020, after she'd made it aware of the domestic abuse she was experiencing. Under the terms of the joint mortgage, Vida was entitled to charge interest on the outstanding balance, until the balance was repaid. The FCA Policy Statement PS24/2 does apply to mortgages and came into force in November 2024. It introduced a change to MCOB 13.3.4AR, which explicitly included the waiving or deferral of interest as something a firm must consider from that point. It hadn't been an explicit consideration before this point.*

*In my view, taking into account what the FCA said both in PS24/2 and the earlier consultation paper proposing the new rule, waiving or deferring interest is likely to be an appropriate consideration for a lender in reasonably exceptional circumstances. This might be, for example, where the sale of a mortgaged property has been agreed, and the continued application of interest is likely to result in a shortfall sale. Or there's already likely to be a shortfall, and continuing to apply contractual interest is likely to make that situation worse.*

*In this case, whilst Miss O was understandably concerned about the impact on her equity of the continued application of interest before she was finally able to sell the property, there was little prospect of a shortfall sale. The property was being marketed for an amount significantly higher than the outstanding balance.*

*I acknowledge that Miss O is a survivor of abuse, and appreciate the additional frustration and worry that she will have experienced from her ex-partner seemingly slowing down the property sale. I must also consider that this wasn't something Vida was responsible for, and that it was contractually entitled to charge interest. It's also the case that the new rule only came into effect shortly before the property was finally sold.*

*Considering the situation as a whole, I don't currently consider that it was necessary for Vida to waive or reduce the interest it applied to the mortgage.*

*Another way a lender can show forbearance is to agree concessions where it will accept less than the full contractual monthly payment on a temporary basis – for example to allow a borrower time to sell the property. I can see that Vida agreed such concessions from September 2023 through to when the property was sold around February 2025. I think this was reasonable.*

*In conclusion, I'm currently satisfied that Vida did show Miss O appropriate forbearance, given the difficulties she was facing.*

*Did Vida mislead Miss O about switching to interest only at the end of the fixed rate term?*

*I should say at the outset that this doesn't appear to have been part of Miss O's written complaint to Vida in March 2024. However, having listened to recordings of calls between Miss O and Vida in August 2023, it's clear that she expressed dissatisfaction to Vida about this issue. Given that more than 8 weeks have passed since then, I'm satisfied this issue falls within my remit.*

*Vida has provided contact/account notes as part of its file. I've not found any reference to a discussion in early 2023 about the mortgage switching to interest only at the end of the fixed rate term (or how much the monthly payments would be). However, that doesn't necessarily mean that such a conversation didn't take place.*

*Miss O says it's important, because she relied on what she says she was told about being able to switch to interest only payments. Having thought about this issue, I don't consider it significant. I say this because even if Miss O was led to believe switching to interest only would be possible and that the payments would be £750 a month, it's difficult to see how this would've materially impacted her situation. The actual monthly payments were dependent on the rate charged after the fixed rate ended and ultimately Miss O couldn't afford to make these payments.*

*To the extent that Miss O may be suggesting that if she'd known the correct position, she'd have sold the property more quickly, she's told us that her ex-partner was making this*

*difficult for her. And given the variables involved in selling a property, it's not possible to say whether, if Miss O had started the process of selling the property earlier, she would've ended up in a better (or worse) position than she ultimately did.*

*As such, I'm not currently inclined to uphold this element of the complaint either.*

*Has Vida fairly applied fees and charges to the mortgage?*

*I've seen that Vida was entitled under the agreement to charge and add the monthly arrears fees to the balance of the mortgage, in the months that it did. It stopped adding such charges after the SPO was issued and I consider that's reasonable.*

*In terms of solicitor fees, the starting point is that Vida is entitled to add solicitor costs to the mortgage balance, for costs reasonably incurred and reasonable in amount. I've seen two invoices dated 16 May 2023 - around six months after the SPO was granted. One for a total of £295.20 and another for a total of £313.20. The charge descriptions are both vague and similar. It's possible they are legitimate and covering separate activities and therefore separately accrued costs.*

*But Vida should provide further information in response to this provisional decision, to evidence the work carried out by, or costs incurred by, solicitors acting on its behalf, that sit behind these invoices. If it cannot satisfactorily evidence that these are legitimate and separate costs incurred by solicitors acting on its behalf, I may direct it to refund one or both of these amounts to Miss O, plus 8% simple interest per annum.*

*Both parties should now provide any further submissions they wish for me to take into account, by 6 February 2026.*

Vida responded to say it had asked the solicitor for more information about the fees charged. And that, based on the information provided, it was satisfied the fees were for separate work carried out and legitimately added to the mortgage balance.

Miss O disagreed with the PD, saying that my findings didn't reflect the severity of her situation and the impact it had on her mental health. Miss O said the outcome in relation to the interest and charges added to the loan wasn't consistent with the spirit and purpose of MCOB and PS24/2.

Miss O also said I'd placed undue emphasis on the absence of shortfall risk, and that Vida was aware of her circumstances, including the domestic and economic abuse she'd suffered from – and the only way she could repay the balance was through the sale of the property, in relation to which the delays – leading to more interest and an erosion of the equity - were beyond her control.

Miss O also emphasised that she'd relied upon information she'd been given by Vida about being able to switch to interest-only repayments at the end of the fixed rate period, and that the mortgage would then be affordable. She re-iterated that if she'd been given correct information, she could've taken different steps.

Miss O also mentioned the frequency and timing of contact from Vida about the mortgage, which she said worsened her mental health.

### **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.

First, I'm satisfied from Vida's response - which includes an explanation and confirmation from the solicitor that both charges legitimately apply - that the costs charged in May 2023 are legitimate and discrete (and reasonable), and therefore fairly added to the mortgage balance (in accordance with the terms and conditions of the mortgage). As such, there are no grounds for me to say that Vida needs to refund either of the amounts.

On the substantive issues of the interest and fees/charges added to the loan, and what Miss O has said about the incorrect information she was given by Vida about being able to switch to interest only. Having thought very carefully about what Miss O has said, including in response to the PD, I find myself arriving at the same overall conclusion.

Before explaining why, there's something I need to address up front. In response to the PD (which forms part of this Final Decision), Miss O has expressed some concerns about the timing and frequency of contact she received from Vida while she was experiencing financial difficulties. This did not form part of Miss O's original complaint to Vida, nor can I see that Vida has ever had the chance to consider and respond to such a complaint. As such, it falls outside the scope of this decision. Miss O will need to raise this issue separately with Vida, if she wishes to take it further, before we are able to consider it as a separate complaint.

Before I explain the reasons for my decision, I want to reiterate the purpose of my role. It isn't to address every single point that's been made to date. Instead, it's to decide what's fair and reasonable given the circumstances of this complaint.

For that reason, I'm only going to refer to what I think are the most salient points when I set out my conclusions and my reasons for reaching them. But, having considered all of the submissions from both sides in full, I will continue to keep in mind all of the points that have been made, insofar as they relate to this complaint.

I still consider the following questions are key:

- Has Vida shown appropriate forbearance to Miss O, given the financial difficulties she faced? As part of this, was it fair for Vida to continue to charge interest throughout?
- Did Vida give Miss O incorrect information in early 2023 about being able to switch to interest only at the end of the fixed rate period? What impact did this have?
- Has Vida fairly applied fees and charges to the mortgage?

I've again considered each of these issues.

#### Has Vida shown appropriate forbearance to Miss O?

I acknowledge Miss O's view that the interest and fees charged by Vida are not in keeping with what's set out in MCOB and PS24/2. However, I disagree.

I still consider, taking into account what the FCA said both in PS24/2 and the earlier consultation paper proposing the new rule, that waiving or deferring interest is likely to be an appropriate consideration for a lender in reasonably exceptional circumstances. Such as the prospect of a shortfall sale.

I again acknowledge that Miss O is a survivor of abuse, and appreciate the additional frustration and worry that she will have experienced from her ex-partner seemingly slowing down the property sale. It remains though that this wasn't something Vida was responsible for, and that it was contractually entitled to charge interest. And as set out in my PD, the new rule only came into effect shortly before the property was finally sold.

Considering the situation as a whole again, whilst sympathetic to Miss O's situation, I still don't find that it was necessary for Vida to waive or reduce the interest it applied to the mortgage.

Neither party has commented on the broader forbearance considerations covered within my PD and I see no reason to depart from my provisional findings.

#### Did Vida mislead Miss O about switching to interest only at the end of the fixed rate term?

Miss O has reiterated that she relied on what she was told about being able to switch to interest only at the end of the fixed rate term. And that if she'd been given correct information, she could've acted differently and was deprived of that opportunity.

As set out in my PD, I haven't been provided with any contemporaneous evidence to support what Miss O says she was told by Vida about being able to switch to interest-only. Whilst I acknowledge Miss O's strength of feeling on this subject, I still don't consider it significant to the overall outcome of this case.

I find that if Miss O was led to believe switching to interest only would be possible and that the payments would be £750 a month, it remains difficult to see how this would've materially impacted her situation. Ultimately, after the fixed rate ended Miss O was unable to afford the mortgage payments, including meeting the interest only payments. Given the variables involved in selling a property, I still find it's not possible to say that Miss O would likely have ended up in a better position, had she decided at an earlier point that she wanted to try to sell the property.

As such, I still don't uphold this element of the complaint.

#### Has Vida fairly applied fees and charges to the mortgage?

I haven't received any substantive comment on the application of the arrears fees, and I still consider those fees were applied fairly, for the reasons given in my PD.

The remaining issue is the solicitor fees. As set out earlier, I've now been provided with information by Vida, from the solicitor, that I'm satisfied means the costs applied in May 2023 were fairly charged and added to the mortgage balance.

In conclusion, whilst I acknowledge Miss O's strength of feeling about how she's been treated by Vida in relation to the mortgage, for the reasons given, I don't uphold this complaint.

#### **My final decision**

My final decision is that I don't uphold Miss O's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss O to accept or reject my decision before 12 March 2026.

Ben Brewer  
**Ombudsman**