

The complaint

Mr V complains that Bank of Scotland plc trading as Birmingham Midshires Mortgages (BM) has treated him unfairly following the end of the term of his buy-to-let mortgage.

Mr V's daughter, Mrs V, brings the complaint on his behalf.

What happened

Mr V took out an interest-only buy-to-let mortgage with BM in 2007, over a term of 15 years. Mrs V has had Mr V's authority to discuss the mortgage, as well as the other two buy-to-let mortgages he had with BM, for many years.

The mortgage term ended in February 2022. Mrs V says that BM didn't chase for repayment of the capital balance, so Mr V simply continued paying it, and he understood that BM would give plenty of notice if it wanted him to sell the property. But in early 2025 BM appointed receivers to manage the property. Mrs V says it did so after assuring her that it would not, because the property was by then on the market for sale.

Mrs V made a complaint on Mr V's behalf, about poor communication and unfair treatment from BM. BM accepted its communication had been poor at times. It apologised for that and sent a cheque for £400 compensation. But it said the term had ended more than three years earlier and the mortgage was in arrears, so it was reasonable to appoint receivers.

Mrs V referred the complaint to us. Our Investigator thought that BM's service and communication had fallen short at times, but that the compensation it had paid was a fair way to resolve the complaint. She didn't recommend it do any more or that it dis-instruct the receivers.

Mrs V didn't accept that conclusion and asked for it to be reviewed. She still considered that BM had treated her and her father unfairly. She also said it had prevented a sale of the property from completing and it had dealt with this mortgage differently to another one in identical circumstances.

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.

I was sorry to learn of Mr V's poor health. I recognise that this will have made managing the mortgages and this complaint more challenging than it would otherwise have been for both Mr V and Mrs V. But I don't think I can fairly uphold this complaint.

The mortgage term ended in February 2022. I think Mr V should have known that he would be expected to repay the capital at that point, as he had agreed to do when he took out the mortgage in 2007. When Mr V wasn't in a position to repay, I'd expect BM to have looked at his situation and allowed him a reasonable time to find a way to do so. I'm satisfied that it did that.

Mrs V had told BM about Mr V's health problems and his resulting vulnerability before the term ended, and I think BM took account of that. It arranged for the mortgage to be handled by the appropriate team and tried to get in touch to understand Mr V's circumstances. In April 2023 it put recovery action on hold for a year to give Mr V more time to repay the mortgage balance. Mrs V had told it that Mr V was in the process of re-financing the mortgage. She later said he would sell the property instead, and in early 2025 that he was arranging a bridging loan. Unfortunately, none of these plans worked out.

By February 2025 the mortgage was around three years past the end of the term and there were around a year's worth of arrears. Payments of interest had been sporadic, the mortgage balance was increasing, and Mr V hadn't been able to sell the property or re-finance. Against this background, while Mrs V had told BM that she didn't want receivers to be appointed, I don't think BM's decision to appoint them was unreasonable.

Mr V's mortgage is buy-to-let, so it's unregulated and the rules which apply to residential mortgages don't apply. The appointment of receivers to manage the property was allowed under the mortgage terms and conditions, and is standard practice with buy-to-let and commercial property. It was for the receivers to decide the best strategy to repay the mortgage. They act as agents of Mr V and not on behalf of BM – so any complaint about the receivers and their management of the property would need to be directed to them and not BM.

However, I think that BM's communication about the appointment of the receivers was poor. It told Mrs V in February 2025 that the mortgage would continue to be monitored when in fact its records show that it had already made the decision to appoint receivers. It also gave her wrong information about the process and what the receivers' involvement would mean, including after Mr V accepted an offer for the property from a prospective buyer.

I can't award compensation to Mrs V, because she isn't BM's customer in the context of the mortgage complained about here. I can make an award to Mr V, and I consider that he was caused avoidable confusion, upset and inconvenience as a result of BM's poor communication. But I think the £400 BM has paid for that is fair and reasonable in all the circumstances. I don't think that Mr V and Mrs V could have done anything differently had BM's service and communication been better, and I don't think Mr V has lost out financially because of its mistakes.

In reaching that conclusion I've considered what Mrs V has told us about the way BM dealt with another of Mr V's buy-to-let mortgages. I don't accept that the circumstances surrounding the other mortgage were the same as this one – there was, for example, more certainty around the sale of the other mortgaged property, and I understand that sale completed in summer 2025.

I've also considered what Mrs V has said about the sale which she considers BM has recently prevented, because a prospective buyer applied to BM for a mortgage on the property and a valuation carried out for mortgage purposes in late 2025 said the property wasn't suitable security for BM to lend against. I can see why Mrs V has found this frustrating, but I have to tell her this isn't a complaint I can consider, because neither she nor Mr V is BM's customer in the context of this valuation. Its customer is the mortgage applicant, and they aren't party to this complaint.

For the reasons I've explained, while I find that BM has made some mistakes, I don't consider that I can fairly require it to do any more to resolve this complaint.

My final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr V to accept or reject my decision before 24 March 2026.

Janet Millington
Ombudsman