

The complaint

Mr and Mrs E complain that Elderbridge Limited did not do enough to tell them that their secured loan was not on track to be repaid in full at the end of term.

What happened

On 1 October 2004, Mr and Mrs E took out a secured loan with First National Home Finance. The loan was for £63,250 repayable over 20 years. The loan has been sold twice and the current lender is Elderbridge. When the loan reached the end of term, Mr and Mrs E said they were shocked to find out they still owed around £37,000. They complain they were never told that there would be a balance remaining at the end of term and that the remaining balance should not be as high as it is.

The investigator did not think the complaint should be upheld.

Mr and Mrs E did not accept what the investigator said. They responded to make a number of points, including:

- The loan and arrangement to repay the arrears was made with the original lender and had nothing to do with Elderbridge.
- Elderbridge made a mistake when it stopped the payment arrangement and the payments reverted to the original amount. They would not have been in this situation if Elderbridge had not done that.
- Elderbridge should have told them there was an issue with the account in writing. If there was such a significant issue then it should have done more to contact them.
- When they did speak to Elderbridge they had to hang up because of the threatening way they were spoken to.
- Based on the information they received from Elderbridge they did not think the arrears were more than £1,000.

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 hear about the difficult time Mr and Mrs E have been through. I understand why they are unhappy that after paying this loan for the full term, there is still a significant balance left to repay. I need to decide if Elderbridge has treated Mr and Mrs E fairly and reasonably – and overall I consider it has. I will explain why.

The loan has been transferred from the original lender to another lender and then to Elderbridge in line with the terms and conditions of the loan. We have evidence that Mr and Mrs E were properly informed of the transfers.

I am satisfied that the loan has been administered in line with the agreement that Mr and Mrs E entered into. But they have not made all the payments that were due to the loan. As the balance has remained higher than expected, they have incurred additional interest on the higher balance. Sometimes the payments made weren't enough to cover all of the interest that was applied. That is why such a significant balance remains to be repaid even though the agreed term of the mortgage has ended.

The evidence we have shows that up until 2017 there was some contact between Mrs E and the lender. There was an arrangement set up to collect £700 a month, rather than the contractual payment of around £550. That was only meant to be in place for two months. But the lender let it continue until October 2018.

The lender wanted up to date information about Mr and Mrs E's income and expenditure so it could consider what was affordable for them. But despite many attempts, I can't see that the lender was able to contact Mr and Mrs E. Therefore, I don't consider it was unreasonable for the direct debit to revert the contractual amount. The lender was unable to establish whether the increased amount continued to be affordable for Mr and Mrs E.

I don't consider the lender made a mistake when it cancelled the payment arrangement. It was only intended to be short term and it reasonably wanted to make sure it was affordable for Mr and Mrs E before it let it continue any further. But it could not do that because Mr and Mrs E did not respond to its attempts to contact them.

In 2019, the lender offered to accept a reduced amount in settlement of the loan. And from September 2022, it did not apply any further interest. In the circumstances, those were reasonable and positive steps for a lender to take. But for any progress to be made on addressing the remaining balance it required Mr and Mrs E to contact the lender. As I have said, from around 2017 they did not meaningfully do so, despite regular attempts by the lender to contact them by phone and letters.

The lender was aware from 2017 of the off-schedule balance, so it is likely that any conversation would have included a discussion of how to address that if possible. A discussion around the best way to repay the balance was a reasonable approach for the lender to take. What the lender should do would depend on Mr and Mrs E's individual circumstances. But as Mr and Mrs E did not contact the lender it was unable to consider what, if anything, it could do to help. I note the annual statements set out the remaining balance.

Bearing in mind, Mr and Mrs E Mr and Mrs E did not contact the lender or return the financial assessments it sent, I am not persuaded that it would have made any difference if the letters included more information about the off-schedule balance. Mr and Mrs E could have reduced the impact if they'd communicated with the lender.

While I understand the reasons why Mr and Mrs E are unhappy with the remaining balance on the loan, I don't consider Elderbridge has treated them unfairly. Bearing that in mind, I don't think the way Elderbridge dealt with the off-schedule balance was likely to have created an unfair relationship under section 140A of the Consumer Credit act 1974.

My final decision

My final decision is that I do not uphold this complaint.

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

Ken Rose
Ombudsman