

The complaint

Mr M complains that Central Trust Limited is unfairly charging him interest on his second charge mortgage (secured loan), and that the balance is unfairly high.

What happened

Mr M took out a mortgage with CTL in 2008. He borrowed around £12,500 over 15 years on repayment terms.

Over the course of the loan, Mr M was in arrears from time to time. Because of missed and late payments, and fees added to the balance, the loan didn't reduce by as much as was anticipated when it was taken out. At the end of the term in 2023, there was still an outstanding balance of around £9,600.

Following the end of the term, CTL agreed to stop charging interest and to allow Mr M to make regular payments to repay the outstanding amount over time.

Mr M also made a complaint about the level of the outstanding balance and the amount of interest he had been charged. CTL responded to that complaint on 11 December 2023. Mr M didn't refer the complaint to us at the time.

During 2024 Mr M made variable payments to the loan. Since January 2025 he's been paying £25 per week.

CTL wrote to Mr M saying that from March 2025 it would resume charging interest. So Mr M complained. CTL said it could no longer sustain the cost of absorbing interest itself rather than charging it to Mr M.

This time Mr M referred his complaint to us. Our investigator said that we couldn't consider how interest had been charged, or the amount of the outstanding balance, up to the end of the term in 2023 because Mr M hadn't referred that complaint to us in time. But we could consider whether it was fair that CTL had started charging interest again in 2025. The investigator said that wasn't fair. He said that CTL should remove interest charged, reinstate the previous arrangement, and pay Mr M £250 compensation. But he noted that Mr M had not made any payments since the end of September 2025. He said that it was reasonable for CTL to resume charging interest given Mr M hadn't kept to the arrangement – but that it should try and engage with him again to agree a way of repaying the outstanding balance.

CTL accepted that. But Mr M didn't. He wanted us to look at the earlier complaint too. He said there were exceptional circumstances which explained why he hadn't referred it to us sooner.

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.

The rules of the Financial Ombudsman Service say that a complaint must be referred to us

within six months of the date CTL responded to it. The first part of Mr M's complaint, about what happened before the end of the term, including the outstanding balance and interest charged, was responded to by CTL on 11 December 2023. But Mr M didn't refer that to us until after he'd made a second complaint, in 2025. That means he referred that complaint to us more than six months after the final response.

I've therefore thought about whether there are exceptional circumstances to explain why Mr M didn't refer it in time. He says CTL didn't make him aware of the deadline. But I don't agree about that. The final response clearly says, using the wording prescribed by the regulator, that the complaint must be referred to us within six months.

Mr M also explains that in November 2023 he suffered a family bereavement which meant he was out of the country for some time. And his wife was also unwell during this period. I'm very sorry to hear about that and I hope Mr M and his family will accept my condolences on their loss. But I'm afraid I don't think that means we can consider the complaint. The bereavement happened before Mr M complained to CTL. And after its response, during the six month period, Mr M was in regular contact with CTL. I don't agree that referring a complaint to us is more difficult or complex than dealing with CTL. If Mr M was able to be in contact with CTL, it's hard to say that his circumstances – difficult as they no doubt were – prevented him contacting us too. I therefore agree that this part of the complaint is out of time.

I can however consider what has happened since December 2023. Mr M has been making regular payments to reduce the balance as part of an agreed arrangement. CTL also agreed to not charge further interest. Based on the amount Mr M is currently paying, that arrangement will lead to the loan being paid off in around seven years or so.

But if interest were to resume, most if not all of the payments Mr M is making would be needed to service the interest, and it would take much longer for the loan balance to be cleared. In order to repay the loan within a reasonable time, Mr M would need to significantly increase the amount he's paying.

There was an arrangement in place. Mr M was keeping to it. I don't think it was fair and reasonable for CTL to unilaterally remove that arrangement, without discussing it with Mr M and without considering the impact of that on him – either very substantially increasing the amount of time the loan would be outstanding; or requiring him to significantly increase the amount he is paying, without enquiring into his circumstances or whether that would be affordable to him.

I'm pleased to note that on reflection CTL now accepts this wasn't fair. It accepted the investigator's recommendation to reinstate the arrangement and remove interest added since March 2025, as well as to pay Mr M £250 compensation for the distress and inconvenience this caused. I think that's a fair offer. It recognises that CTL's decision was unexpected and caused Mr M considerable upset.

However, Mr M didn't keep to the arrangement after the end of September 2025. In those circumstances, it wasn't unreasonable for CTL to resume charging interest. But there still needs to be a way forward that allows Mr M to repay the outstanding balance over a reasonable period of time if at all possible.

Mr M will need to get back in touch with CTL to discuss what happens next. He'll need to share full details of his income and expenditure to see what he can afford to pay. CTL should then consider appropriate forbearance allowing Mr M to repay the loan over a reasonable time period – which may include renewing the interest rate concession while payments are maintained. It's reasonable to expect any arrangement to be kept under review and adjusted

as circumstances change over time. But I would expect CTL to continue to treat Mr M fairly, offering appropriate forbearance that allows him to repay the outstanding amount if possible.

My final decision

My final decision is that I uphold this complaint and direct Central Trust Limited to:

- Reinstatement of the payment arrangement until Mr M stopped making payments - removing interest and fees charged between 1 March 2025 and 30 September 2025.
- Pay Mr M £250 compensation.
- Work with Mr M to try to reach an affordable arrangement for repayment of the outstanding balance over a reasonable time period, including giving consideration to a further interest rate concession if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 31 March 2026.

Simon Pugh
Ombudsman