

The complaint

Mr E has complained that Leeds Building Society allowed his estranged wife (who I will refer to as Ms X) to take a new preferential interest rate product on their jointly held mortgage against his wishes.

What happened

Mr E and Ms X have held a mortgage with Leeds for a number of years. I understand they separated in October 2023 with Mr E leaving the property.

At that time their mortgage was on a fixed interest rate of 5.65% until 30 September 2025, after which it would move to a variable rate.

In July 2025 Mr E contacted Leeds to say that no new preferential rate products should be agreed. He said that he was unable to move on as he had equity in the property and Ms X was refusing to sell. I understand they were in the process of divorcing.

In September 2025 Ms X applied for a new preferential interest rate through a mortgage broker. After Mr E contacted Leeds the application was cancelled, but then Leeds spoke to Ms X and the rate switch was agreed as an exception.

Unhappy with that Mr E raised a complaint.

Leeds responded to the complaint on 29 October 2025. It said following a thorough review of the circumstances it made the decision to continue with the rate switch, but in recognition of the ongoing divorce proceedings it had agreed to waive any early repayment charge (“ERC”) should the property be sold before the end of the fixed rate term. It said it wasn’t able to share with Mr E any information provided by Ms X, and regardless of the rate of interest on the mortgage, it can’t force the sale of the property. It said that on 1 November 2025 the mortgage would move to a fixed rate of 4.45% until 30 November 2027, after which it would move to a variable rate.

Our Investigator didn’t uphold the complaint. She said Leeds hadn’t acted unreasonably as it has a responsibility to ensure borrowers can maintain their mortgage payments, and by agreeing to waive the ERC that was a concession and a fair way forward.

Mr E didn’t agree and so the case was passed to me to decide.

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.

Although I’ve read and considered the whole file I’ll keep my comments to what I think is relevant. If I don’t comment on any specific point it’s not because I’ve not considered it but because I don’t think I need to comment on it in order to reach the right outcome.

We're not the regulator, and I've no power under our terms of reference to comment on, or otherwise determine, how financial businesses operate in general terms. I have to consider this complaint by reference to the particular situation. When I do that, I'm satisfied Leeds hasn't acted unreasonably. I'll explain why below.

Once Leeds was aware of the dispute, it should not have made changes to the mortgage without both parties' consent if the changes might negatively impact the party that did not consent to the change.

However, a change to a fixed rate would not necessarily negatively impact Mr E. The change made the mortgage more affordable, so it is less likely that it would fall into arrears and, therefore, it also is less likely that missed payments would be recorded on Mr E's credit file. The potential negative for Mr E is that there is an ERC if the mortgage is repaid during the fixed rate period. That might never apply anyway, but in any event Leeds has mitigated that by saying it will waive the ERC if the property is sold.

It is reasonable for lenders to have a process in place to assist where there is a dispute between the parties. There might sometimes be good reasons to approve changes with only one party's agreement.

Leeds has said it considers each case individually, and here it convened a senior panel to reach the decision, taking into account what both Mr E and Ms X had said and provided, as well as its wider regulatory responsibilities.

Mr E said he's been affected, but nothing, in that respect, has changed. He was always liable for this mortgage and the underlying mortgage hasn't changed; the mortgage balance, repayment basis and term remained the same, all that happened is that the interest rate was reduced from a reversionary variable rate to 4.45% fixed. A reduction in the interest rate reduces the risk of his credit rating being impacted as the payments are lower, therefore less likely to be unaffordable. I think it was fair for Leeds to agree to put a new preferential interest rate in place.

Leeds told Mr E that it will waive the ERC if the property is sold, and that is fair. The fixed rate product won't prevent the property being sold or reduce Mr E's share in the equity. Regardless of any agreement – or not - between Mr E and Ms X, Mr E remains liable for the mortgage payments. Arrears would also affect his credit file. I can't fairly say that Leeds should withhold access to preferential interest rates in order to make payments less affordable and Mr E hasn't given any reason why he wanted the mortgage to remain on the much higher reversionary rate (other than he seems to think Ms X can afford it and/or it might force her to sell the property).

Ultimately, the dispute between Mr E and Ms X will have to be resolved between them or through a court process. I understand this is difficult, but I think it's fair for Leeds to agree a preferential interest rate to make payments more affordable until the matter is resolved. I understand Mr E feels Ms X is less likely to sell the property due to the lower payments, but that can't form part of Leeds' considerations. That is between Mr E and Ms X.

I understand Mr E has concerns about the broker that was involved in putting the rate in place and he has raised that with the business directly. I can't hold Leeds liable for any acts or omissions of that unrelated business.

For all the reasons given, I don't agree Leeds has dealt with Mr E unfairly. Whilst I sympathise with what has happened with Mr E and Ms X's marital situation and subsequent issues with the property, those are things that Mr E needs to discuss with his solicitor to resolve as part of the divorce process.

My final decision

I don't uphold this complaint.

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

Julia Meadows

Ombudsman