

The complaint

Mr W's complaint arises out of his mortgage account with Bank of Ireland (UK) Plc (BOI).

Mr W says that BOI has failed to engage with, or respond to, his proposals to address his financial difficulties, as a result of which Mr W says his position has significantly worsened. His mortgage is now in arrears and Mr W has incurred £30,000 of credit card debt. To settle the complaint, Mr W wants BOI to do the following:

- remove all arrears on his mortgage that have been allowed to mount unnecessarily due to BOI's refusal to act on his solutions;
- grant Consent to Let (CTL) immediately;
- pay compensation for the damage to his financial standing and the significant impact of BOI's actions on his mental health.

What happened

The basic background to this complaint is well known to both parties so I won't repeat the details here. Our decisions are published, and it's important that I don't include any information that might result in Mr W being identified.

Instead I'll focus on my decision and the reasons for it. No discourtesy or lack of care is intended by that. It's simply a reflection of the informal service we provide, and if I don't mention something, it won't be because I've ignored it. It'll be because I didn't think it was material to the outcome of the complaint. This approach is consistent with what our enabling legislation requires of me.

It allows me to focus on the issues on which I consider a fair outcome will turn, and not be side-tracked by matters which, although presented as material, are, in my opinion peripheral or, in some instances, have little or no impact on the broader outcome.

The crux of this complaint is that Mr W says that, once he became aware his financial circumstances were going to change, he approached BOI with various solutions, none of which BOI would agree to. Mr W also says that BOI failed to engage in any meaningful discussions with him that would help him to alleviate his financial difficulties.

In Mr W's words:

"I could see a car crash happening and out of respect (I do not bury my head in the sand) I contacted them to let them know an issue might be coming... this issue did arise and I was on the phone to them as it was happening and after. I have continued to engage in dialogue. I have given 5+ solutions to resolve and the bank has refused

and in turn each week and month more equity is lost, more interest is accrued and the more I am getting into debt...”

BOI's position (as stated in its final response) is that it wasn't able to grant CTL because, although the rental income might have covered the monthly mortgage payment, it didn't address arrears on the account. Renting out the property would also be a change of use from the original mortgage agreement, which BOI said it wasn't obliged to agree to.

BOI also said it had granted payment concessions, but this didn't address the long-term issue of the arrears. BOI said it was willing to work with Mr W, and discuss his circumstances with him, particularly if these had changed.

In addition, BOI said it wasn't able to waive the early repayment charge (ERC) should Mr W sell the property.

Our Investigator didn't think the complaint should be upheld. Mr W asked for an Ombudsman to review the complaint.

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've reviewed everything both parties have said. Having done so, I'm afraid I have disappointing news for Mr W. I'm not upholding the complaint. I'm sorry this isn't the outcome Mr W was hoping for, but these are my reasons for not agreeing with him that BOI is in the wrong.

Mr W bought the property in September 2023, but by June 2024 Mr W asked BOI for a six-month interest-only concession under the Mortgage Charter. In November 2024 Mr W told BOI his financial difficulties were continuing. Mr W tried to sell the property, and BOI put a three-month 100% payment concession in place in January 2025 to enable him to do this. This was extended twice, in April 2025 and June 2025.

Also in June 2025 Mr W requested both a waiver of the ERC and CTL. Mr W paid a £199 application fee for CTL, which was later refunded when BOI declined the request.

I've reviewed BOI's actions, and overall I'm not persuaded the bank has acted unreasonably.

Payment concessions: The starting point is that lenders have a duty to treat all customers, but particularly those facing financial hardship, fairly. Balanced against that, one of the fundamental principles underpinning the mortgage contract is that a lender has the right to receive payment of the money owed to it.

The Mortgages and Home Finance: Conduct of Business Sourcebook (known as MCOB) sets out at MCOB 13 what lenders are required to do to help borrowers in arrears. A lender is required to explore ways to resolve an arrears situation, especially if the problem that created the arrears to begin with is one that looks to be short-term and capable of being resolved.

For long-term difficulties, a lender must also look at other ways to help, such as transferring a mortgage from capital and interest repayment to interest-only, deferring interest for a period of time or capitalisation of arrears. Balanced against that is the lender's obligation to ensure that any arrangement is affordable and sustainable.

I'm satisfied BOI put in place reasonable concessions to help Mr W – a transfer of the mortgage to interest-only for six months, and then 100% payment concessions after that. I think, given Mr W's circumstances, that this was reasonable, as Mr W was trying to sell the property.

I've noted what Mr W has said about the additional debt he's incurred, and for which he holds BOI responsible – about £30,000 on credit cards. However, it's difficult to see how I could find BOI is liable for this. If Mr W incurred this debt during the period when he was granted 100% payment concessions, then it wasn't expenditure used for paying the mortgage. If it was debt incurred before Mr W asked for any concessions, then that's not something BOI would have been aware of.

Waiver of ERC: I'm not persuaded BOI is under any obligation to waive the ERC if the property is sold. The ERC is a contractual term to which Mr W agreed when he took out the mortgage. BOI will agree to waive an ERC if the borrower is 'porting' their mortgage interest product onto a new property, and on completion of the new purchase and mortgage, the ERC will be reimbursed, in full or in part, depending on whether the full amount of the mortgage interest product is being ported.

But that wasn't the case here, because Mr W hadn't applied for a new mortgage with BOI. In the circumstances, I'm not persuaded BOI acted unfairly in declining to waive the ERC should Mr W sell the property.

Consent to Let: I've taken careful note of everything Mr W has said about this. He's explained that he could rent out the property for more than the monthly mortgage instalments, and that he would move closer to where his children live and find work there.

BOI's policy is that it does not grant CTL in situations where the mortgage account is in arrears. However, the bank has said it will consider individual cases, which I think is fair. Renting out a property creates an additional risk for a mortgage lender; the property is no longer the main residence of the borrower, and there is the possibility that tenants might default on the rent. It is then the borrower's responsibility to initiate legal action to recover possession of the property, and the court process to evict non-paying tenants can be protracted and expensive.

I've looked at the figures Mr W provided, which showed monthly expenditure (including the mortgage) of £4,000. Mr W said that the monthly mortgage payment of £2,160 would be covered by rental income of £2,600. However, that would still leave a deficit of £1,400, and doesn't take into account any payment towards reducing the arrears on the account, the expenses Mr W would incur renting alternative accommodation for himself, letting agents' fees, and the additional insurance costs involved in being a landlord.

Mr W doesn't think it's fair that BOI's decision is based on his income and expenditure at a fixed point in time. Mr W says that the rental income would have reduced the financial pressure on him, and allowed him to relocate to cheaper accommodation elsewhere and look for employment there. I can appreciate the logic in Mr W's argument, but I don't think it's unreasonable for BOI to make its decision on what the actual situation is, not what it might be at a future date.

I don't have any power to second-guess BOI's decision or substitute my own decision in place of that of the bank. I'm satisfied BOI gave proper consideration to Mr W's application and provided him with reasons why it wasn't able to give its consent. I think BOI's reasons are justifiable based on Mr W's circumstances and taking into account the increased risk to the bank of allowing tenants into the property.

Overall, whilst I understand Mr W's reasons for wanting to rent out the property, I'm not persuaded it was unreasonable for BOI to decline his request.

Failure to engage: I'm not persuaded BOI failed to engage with Mr W, or that there was undue delay in the bank considering his various requests for concessions, an ERC waiver or CTL. BOI's records show that it gave careful consideration to Mr W's requests, and indeed the bank granted 100% payment concessions several times for a considerable period while Mr W tried to sell the property.

That BOI didn't agree to Mr W's proposals for a waiver of the ERC or for CTL doesn't mean the bank failed to engage with him. The requirement to treat customers fairly doesn't mean BOI must agree to everything a customer asks for, no matter how reasonable the customer believes their requests are.

Conclusion

I do understand that Mr W has been through an awful time, losing secure employment and looking for ways to keep his home. I don't underestimate at all how difficult the last few years have been for him, and I acknowledge that this has taken a toll on his health.

But I have to put aside my natural feelings of empathy for his circumstances, and reach my decision on the basis of the evidence. Having given careful consideration to everything Mr W and BOI have said, I'm unable to find the bank has done anything wrong.

My final decision

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

This final decision concludes the Financial Ombudsman Service's review of this complaint. This means that we are unable to consider the complaint any further, nor enter into any discussion about it.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 7 May 2026.

Jan O'Leary
Ombudsman