

## The complaint

Mr and Mrs U are unhappy that Elderbridge Limited didn't accept the reduced settlement offers they made on their secured (second charge) loan. They wanted to refinance their first charge mortgage with another provider and said they could only do so if Elderbridge accepted a sum that is less than the outstanding balance.

## What happened

The details of this complaint are well-known to both parties, so I won't repeat them again here. The facts aren't in dispute, so I'll focus on giving the reasons for my decision.

## 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.

Mr and Mrs U borrowed £100,000 in 2007 over a 25-year term with the loan being secured on their property. At the end of 2025 Mr and Mrs U asked Elderbridge if it would accept a short settlement of £24,000 (later increased to £29,000), against the outstanding balance at that time of around £40,000. Mr and Mrs U felt Elderbridge didn't treat them fairly when it said it wouldn't accept that, and they also didn't accept its counteroffer.

The Investigator didn't recommend the complaint be upheld. My review has determined the same. This is for the following key reasons:

- Mr and Mrs U have said they'd maintained an impeccable payment history for 18 years, however that is just the basic requirement of any lending agreement that the payments are made in full and on time until it is redeemed. For completeness, I would however note that the account was in arrears between October 2009 and October 2011 – with the arrears peaking at around £8,000 and being cleared by being capitalised onto the balance, rather than being paid by Mr and Mrs U - contrary to Mr and Mrs U's recollections on that point.
- The outstanding balance was around £40,000, and Mr and Mrs U's offers were £24,000 and then £29,000, so substantially less than the amount they owed. I acknowledge Mr and Mrs U wanted to pay as little as possible, that is entirely understandable. But this was a secured loan, lenders don't have to accept short settlement offers, and having considered everything it doesn't seem unreasonable that Elderbridge wasn't willing to accept the offers put forward by Mr and Mrs U when the information provided showed the full amount could be repaid.
- Elderbridge's original counteroffer of accepting £24,000 now to remove its charge, and the remaining £16,000 being converted to an unsecured loan is more than fair and goes much further than I would have asked it to go. Although Mr and Mrs U said that wouldn't be acceptable to their new first charge mortgage lender, it doesn't mean Elderbridge needed to do anything more than that.

- In any event, Mr and Mrs U settled the account in full in February this year, so it seems their request for Elderbridge to write off some of the debt wasn't the only option they had, which supports Elderbridge's decision to not accept a sum less than was owed.
- Mr and Mrs U wanted copies of the internal discussions and decision making process, but that isn't information they're entitled to receive. That information is commercially sensitive.
- I understand Mr and Mrs U are going to raise their concerns about whether Elderbridge complied with its SAR obligations with the Information Commissioner's Office so I make no further comment on that point.
- I don't think Elderbridge acted unfairly in any other way.

In summary, I don't think Elderbridge did anything wrong here. I know this isn't the outcome Mr and Mrs U hoped for. But for the reasons above, I'm not asking Elderbridge to do anything to put things right.

### **My final decision**

My final decision is that I don't uphold Mr and Mrs U's complaint about Elderbridge Limited.

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

Julia Meadows  
**Ombudsman**