

The complaint

Mr and Mrs H's complaint is about their flexible mortgage account with The Royal Bank of Scotland Public Limited Company, referred to here as RBS. Mr and Mrs H say that RBS has failed to provide them with support when they suffered financial difficulties. Mr and Mrs H also think their mortgage was mis-sold.

To settle the complaint, Mr and Mrs H want RBS to provide tailored support, reduce their interest rate, remove adverse entries from their credit files, pay compensation for distress and investigate whether or not their mortgage was mis-sold.

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 and Mrs H 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.

An Investigator looked at what had happened. He explained that, because the mortgage had been taken out in 2007, Mr and Mrs H had left it too late to complain that it had been mis-sold. Mr and Mrs H have not contested the Investigator's conclusions in that regard.

The Investigator acknowledged Mr and Mrs H's situation was difficult due to health and employment issues. He noted that Mr and Mrs H had first requested an interest rate reduction in February 2024, but RBS hadn't explained that the rate could be reviewed following a revaluation of the property. The Investigator wasn't persuaded Mr and Mrs H had requested a lower interest rate prior to February 2024, and noted that Mr and Mrs H had often not responded to RBS's requests for them to engage about their financial issues. But he thought RBS could – and should – have explained to Mr and Mrs H in February 2024 that they could have their property re-valued with a view to switching to a new interest rate.

The Investigator didn't think a term extension would be appropriate to help reduce the mortgage repayments. He noted that Mr and Mrs H had specifically told our service that they didn't think this would be suitable, and so he didn't criticise RBS for not offering a solution that Mr and Mrs H didn't want.

The Investigator wasn't persuaded that responsibility for Mr and Mrs H's credit card debts of over £50,000 could be attributed to RBS.

The Investigator thought there were things RBS could do to put things right. He was satisfied that the appropriate redress would be as follows:

- RBS should carry out an historic valuation of the property backdated to February 2024, using a Halifax Price Index (HPI) valuation for which there would be no charge to Mr and Mrs H;
- if this resulted in a facility-to-value ratio that would have given Mr and Mrs H a lower interest rate, RBS should apply that rate, refund additional interest charged and pay interest at 8% simple on the additional interest;
- RBS should pay compensation for distress and inconvenience of £500;
- RBS should remove historic markers on Mr and Mrs H's credit files.

RBS agreed to do this. Mr and Mrs H didn't accept this to be a fair outcome, however. They said they made their complaint in April 2025, but their credit file had been impacted again, this time from August 2025, and this had affected the credit their unsecured lenders had been prepared to offer them. Mr and Mrs H also said they'd not been provided with a signed copy of their mortgage agreement.

The Investigator explained that, as these were new issues, Mr and Mrs H would need to raise it with RBS as a fresh complaint.

Because Mr and Mrs H hadn't accepted the Investigator's findings, the complaint has been referred to me for a final 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.

It's clear from what Mr and Mrs H have told us that they've been through a very tough time over the last few years, both in relation to their personal and financial situations. I won't give any details here to preserve their anonymity, but I confirm I've noted everything they've told us about their circumstances.

First of all, I've considered Mr and Mrs H's complaint that they think their mortgage was mis-sold in 2007. The Investigator set out the relevant part of our rules when he explained why this complaint was out of time, so I won't repeat them here. In any event, Mr and Mrs H have not challenged the Investigator's conclusion that this isn't something we're able to consider. I will therefore make no further comment, other than to confirm that I agree with the Investigator's findings on this point.

I've reviewed everything Mr and Mrs H have said about their financial difficulties. I've also been through RBS's contact notes. From these, I'm not persuaded RBS is required to do anything more than the Investigator recommended. These are my reasons.

I'm not persuaded RBS has treated Mr and Mrs H unfairly in relation to their financial difficulties. I don't think it would have helped Mr and Mrs H for RBS to lend them more money to clear credit card debts, when Mr and Mrs H were already struggling with their finances. Debt consolidation onto a mortgage might reduce outgoings on the face of it, but in the long term it's likely to be more expensive because paying off the debt over the term of a mortgage is likely to result in more interest being paid on that debt.

Mr and Mrs H could have contacted their credit card companies to ask for help, as there are steps in place (such as freezing interest) that unsecured lenders are required to consider

that might have been more helpful than loading unsecured debt onto the mortgage. Overall, I can't see that RBS has acted unfairly, or that it can be considered responsible for the level of unsecured debt Mr and Mrs H have incurred.

Looking at the account statements, it seems that the balance was reducing until about October 2019, which is when it appears financial difficulties started for Mr and Mrs H. At that point, the account balance was just under £300,000, but it crept up from there by a few thousand pounds, and for a few years fluctuated up and down by a small amount, around £306,000 to £309,000. But by June 2025, just after the complaint was raised, the balance had gone up to almost £319,000. I've noted the reasons Mr and Mrs H have given for their financial difficulties – matters that were beyond their control.

Mr and Mrs H have told us that a term extension wouldn't have been appropriate for them. In the circumstances, I'm not persuaded this was something RBS should have offered, given it's not an option Mr and Mrs H would have wanted in any event. RBS did give Mr and Mrs H the option to switch from their flexible mortgage to a standard mortgage in 2023, but the discussions didn't result in any change to the mortgage.

Mr and Mrs H say RBS should have offered them a new interest rate before February 2024. RBS's notes show that between 2019 and 2023, although RBS sent letters to Mr and Mrs H about their account, including arrears letters, other than a request for a payment holiday in March 2020, there was minimal engagement from Mr and Mrs H. (The payment holiday was declined, as this wasn't possible on a flexible mortgage.)

It wasn't until February 2024 that Mr H discussed his concerns with RBS about interest rates. I think at that point RBS should have told Mr H that he could have a re-valuation of the property (at his and Mrs H's expense, if they'd wanted an in-person valuation) with a view to seeing if a better interest rate might be available.

I don't know if a re-valuation would have resulted in a lower interest rate, but RBS has agreed to re-value the property retrospectively using the HPI index in order to see if a better rate might have been available in February 2024. If so, I think it's fair for RBS to back-date this and adjust the mortgage account accordingly.

RBS has also agreed to remove some information from Mr and Mrs H's credit files. However, after the complaint was brought to us, Mr H raised new issues about his and Mrs H's credit files. Under our rules, the subject matter of a complaint needs to have been referred to the business first, and the business given the opportunity to deal with it in a final response, before we can look into it. Once that happens, we can only look into the subject matter covered in the final response. We can't investigate complaints 'on the fly' so to speak, with consumers adding new points along the way whilst our consideration is ongoing. Otherwise, there's a risk that a complaint becomes a moving target that can never be concluded.

Given this, Mr and Mrs H will need to raise any new issues about their credit file with RBS first, and I see that the Investigator has forwarded the complaint to the bank in order that RBS can investigate and respond to it. But it's not something I'll be looking at here.

Conclusion

I have no doubt this has been an awful time for Mr and Mrs H, taking into account the private information they've disclosed to us about their circumstances. But in all the circumstances, I'm not persuaded that RBS has treated them unfairly, other than 'dropping the ball' in February 2024 in relation to offering a re-valuation. Prior to that – and since – RBS has looked at how it might be able to help Mr and Mrs H, but I can't see that there has been

much engagement in response to the bank's letters that would have allowed RBS to put tailored support in place.

I am sure RBS is aware of its obligation to provide support for Mr and Mrs H, given their vulnerabilities, but this is a two-way street and Mr and Mrs H are also expected to engage with the bank in response to request for information about their circumstances. I appreciate that some of this might be sensitive information, but the bank can only help if it has the full picture to enable it to put the right support in place.

If they've not already done so, it might help Mr and Mrs H to take advice from one of the free debt advisory services, such as Citizens Advice or StepChange. We can provide contact details for these agencies, if Mr and Mrs H would like us to.

If Mr and Mrs H are set on consolidating their unsecured debt into a mortgage, they may wish to speak to an independent financial adviser about their options.

Putting things right

In order to address the error in February 2024, RBS must do the following:

- carry out an historic HPI valuation of the property backdated to February 2024, for which there would be no charge to Mr and Mrs H;
- if this results in a facility-to-value ratio that would have given Mr and Mrs H a lower interest rate, RBS should apply that rate, refund any additional interest charged and pay interest at 8% simple on the additional interest applied to the account;
- pay compensation for distress and inconvenience of £500;
- remove historic markers on Mr and Mrs H's credit files. (To be clear, this doesn't include the new complaint Mr and Mrs H have made about markers on their credit files from August 2025.)

RBS has already agreed to put this redress in place, but I must explain that if Mr and Mrs H don't accept my decision (and, for clarity, they're under no obligation to do so, it's up to them to decide whether or not to accept it), the decision will not be legally binding on RBS and so the bank will be under no obligation to do this.

My final decision

My decision is that I partly uphold this complaint. I direct The Royal Bank of Scotland Public Limited Company to settle the complaint as set out above. I make no other order or award.

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 and Mrs H to accept or reject my decision before 25 May 2026.

Jan O'Leary
Ombudsman