DRN-6292727

The complaint

This complaint is about two buy-to-let (BTL) mortgages that Ms M took out in 2008 with Yorkshire Building Society trading as Chelsea Building Society (Chelsea). There are several strands to the complaint, which relate predominantly to how Chelsea has treated Ms M since she fell into arrears on the mortgages. Our Investigator grouped the complaint strands into five broad headings, which I summarise below:

1. Ms M is unhappy with re-valuations of the properties that took place in November 2024; she felt the re-valuations weren't needed, that the resulting values were too low, and found the appeals process confusing.
2. Ms M is unhappy with how she was treated when she made a complaint in 2025. She says it was implied she was trying to use her vulnerability to get preferential treatment, and that Chelsea didn't allow her to discuss matters before reaching an outcome.
3. Ms M has been stressed and disheartened by having to call Chelsea many times, and being passed around between different teams during the calls. She says Chelsea hasn't made reasonable adjustments and has a generally poor attitude towards her vulnerability.
4. Ms M says Chelsea has failed to offer reasonable support, forbearance and interest rate product transfers since serious illness in 2022 caused her to fall into arrears on the mortgages. She feels that she's bullied and shut down.
5. A 2023 agreement in principle to capitalise the arrears and apply a new rate hasn't been implemented. If it had, the mortgage would have been affordable since.
6.

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 Ms M being identified. (For that reason, I'll be rounding any figures unless context requires they be exact).

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.

Our Investigator thought that parts of Ms M's complaint should be time-barred under our rules. On the elements that she thought weren't time-barred, for the most part she didn't think Chelsea had treated Ms M unfairly. Where she did think Chelsea's actions had fallen short, she set out what it should do to put things right.

Ms M asked for the case to be reviewed by an Ombudsman. In addition to disagreeing with the Investigator's findings on the merits of the issues she *did* consider, Ms M has continued to argue that we should consider all aspects of the complaint.

By way of a separate decision, I have confirmed that our jurisdiction is confined to events that happened after 16 October 2024, and which were addressed by Chelsea in the final response letter dated 5 March 2025.

What I've decided – and why

I'll start with some general observations.

We're not the regulator of financial businesses, and we don't "police" their internal processes or how they operate generally. That's the job of the Financial Conduct Authority (FCA). We deal with individual disputes between businesses and their customers. In doing that, we work within the rules of the ombudsman service and the remit those rules give us. We don't replicate the work of the courts.

We're impartial, and we don't take either side's instructions on how we investigate a complaint. We conduct our investigations and reach our conclusions without interference from anyone else.

In doing that, we don't replicate the work of the courts. Whilst statutory, our scheme is intended to provide swift outcomes to disputes between business and the customers, with a minimum of formality. We're impartial, and we don't take either side's instructions on how we investigate a complaint. We conduct our investigations and reach our conclusions without interference from anyone else. But in doing so, we have to work within the rules of the ombudsman service, which include our jurisdiction.

We revisit our jurisdiction over a complaint at every stage of our case-handling process. I've done that here, but haven't found any grounds to depart from my decision on want I have jurisdiction to consider.

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

That includes listening to recordings Chelsea has provided of phone calls it held with Ms M that relate to the events I'm able to consider.

It's important to remember that the mortgages, as BTLs, are unregulated; They are commercial transactions between two corporate entities. An enterprise engaging in commercial activity, such as Ms M is conducting here, is held to a higher standard than a consumer, and is not covered by the regulatory protections that apply to residential mortgage borrowers.

Where there's a dispute about what happened, and the available evidence is contradictory and/or incomplete, we reach our conclusions on what is most likely to have happened on the balance of probabilities. That's broadly consistent with the test used by the courts in civil cases.

It's for us, rather than the parties to the dispute, to decide what evidence we need to reach a fair outcome. It's also for us to assess the reliability of evidence, from both sides, and decide how much weight should be attached to it. When doing that, we don't just consider individual pieces of evidence in isolation. We consider everything together to form a broader opinion on the whole picture.

Regarding the evidence in this specific case, it is immensely detailed and there's a great deal of it – over 3,000 pages of documents. That said, there also a significant degree of duplication and repetition.

Our Investigator summarised Mr D's complaint into five sub-headings. However, two of those are partially time-barred and another is time-barred entirely, so she limited her findings accordingly. I've taken the same approach, using broadly the same sub-headings that the Investigator used.

The November 2024 valuations

There are two parts to the element of the complaint; firstly, Ms M doesn't think the re·valuations were necessary, secondly, she believes the resulting values themselves were too low. I'll address each in turn.

The reason for the re-valuations had nothing to do with affordability; it was to provide Chelsea with updated loan-to-value (LTV) ratios. LTVs aren't just relevant when lenders are considering whether to lend or not; they also have a bearing on which interest rate products borrowers might be eligible for. In Ms M's case, the mortgaged properties had not been valued since the mortgages started in 2008. Given that gap, I don't think it was unreasonable of Chelsea, for accuracy purposes, to obtain substantively new valuations rather than rely on indexing.

As far as the valuations themselves are concerned, these weren't conducted by Chelsea. They were carried out by a suitably-qualified independent surveyor whose opinion Chelsea was reasonably entitled to rely on. I haven't considered whether the valuations were in any way deficient. I have no power to do so because the professional opinion of an independent surveyor falls outsider the scope of the Financial Ombudsman Service.

Chelsea did offer Ms M the opportunity to appeal the outcome of the valuations, which was the right thing to do. I can understand if Ms M found the prospect of completing the appeal form daunting, but Chelsea did offer to help her do so. That seems a reasonable step to me. Ultimately, an appeal was submitted without the form. The outcome was that one valuation was unchanged and the other was reduced. However, Chelsea agreed to disregard the reduction, so I can't fairly conclude there was any detriment to Ms M.

How Ms M was treated during the 2025 complaint

I don't think it's fair to say Ms M was denied the opportunity to discuss her complaint; the complaint-handler emailed inviting her to have a phone conversation if she wished. Ms M may have preferred to haver that discussion with a different person but fair treatment doesn't require that to happen.

I've looked at the email of 5 March 2025. Whilst I don't think it was intentional, the phrasing was a little careless and I can see how Ms M might have taken offence at it. In fairness, Chelsea has recognised that too; it's apologised and offered Mss M £150 compensation. In my view that's a fair outcome.

Communication from Chelsea – since 16 October 2024

I accept that it can be immensely frustrating to have to deal with various different departments of a business, especially when the underlying reason for the contact – financial hardship and arrears – is already inherently stressful. But having no regulatory power means it's not within my remit to tell Chelsea how it should run its business generally, or how it

should organise its internal structures or departmental responsibilities. The dialogues Ms M has sought to hold with Chelsea cover different issues, and so it has been necessary for her to deal with the relevant departments specialising in those issues. It might be unwelcome, but it isn't unfair.

I agree with the Investigator's view that Chelsea has tried to be flexible and accommodate Ms H's need for reasonable adjustments. The available evidence suggests that where possible it has adhered to her preference for emails over phone calls, and where the latter have taken place, they've been arranged in advance. Where Chelsea has fallen short is in not consistently using large font in its emails. Had it done that, Ms M wouldn't have had the added stress of repeating her requests that it do so. In my view, that warrants additional compensation over and above the £150 already offered for the careless communication during the complaint. In my view, the Investigator's assessment of an additional £200 is fair.

Support and product transfers – since 16 October 2024

Between October 2024 and May 2025, Chelsea continued accepting reduced payments, albeit informally because Ms M hadn't provided it with the information about her wider financial circumstances that it needed in order to consider a formal arrangement. I don't think that was wrong of Chelsea; it would be imprudent of a lender to formalise a payment arrangement without knowing whether by doing so, it's risking committing the borrower to something they can't afford. Meanwhile, with no formal arrangement in place, it would have been wrong of Chelsea to report to credit reference agencies that there was one.

What Chelsea also did, which I would not generally expect in a situation such as Ms M's, was to offer new interest rate deals on both mortgages. This was something she had asked it to do, and it is the reason for the re-valuations I dealt with earlier in this decision. Ultimately, Ms M didn't accept the offers before they expired, and to be clear, it *is* the offers that expired, not just the rate products that were components of the offers. Chelsea hasn't renewed the offers, and fair treatment doesn't require that it do so.

It's not for me to comment on why Ms M didn't take the business up on the offers of new rates; that was entirely her prerogative, I imply no criticism and none should be inferred. But I can't fairly say Chelsea misled her into thinking the offers were open-ended, or that it must reinstate offers that I would not normally expect a lender to have made in the first place.

That begs the question of what happens next. I don't know what Chelsea's intentions are regarding the mortgaged properties. But clearly legal action to enforce its security is something to consider as a next step. It's important to explain here that lenders will generally agree not to pursue recovery action whilst we look at a complaint, but they don't have to and we can't force them to.

If the Financial Ombudsman Service had that power it would undermine our impartiality between the parties to a complaint. It would also create the potential for complainants to use our service to bring complaints with the intention of having any legal action put on hold, thereby obstructing businesses that were trying to take action through the courts to recover money legitimately owed by the complainants.

I do not wish to alarm Ms M but I would not want her to be under any misunderstanding that we would tell Chelsea that it must delay recovery action in the event of any new complaint being raised about the mortgage. It is a matter for a court to decide whether it is appropriate to adjourn or suspend any legal action, not this service. All I can do is express the hope that further dialogue takes place between the parties to try and find a mutually-agreed way forward without recrimination over what has gone before.

I know this will come as a disappointment to Ms M, but for all the reasons I've set out above, I cannot find in her favour and uphold this complaint to the extent that she would like me to.

My final decision

My final decision is that this complaint should fairly be resolved by Yorkshire Building Society trading as Chelsea Building Society taking the following action:

- pay Ms M a total of £350 compensation; and
- ensure all future written communication is issued in size 16 font, unless and until Ms M requests otherwise.

I make no other order or award.

My final decision concludes this service's consideration of this complaint, which means I'll not be engaging in any further discussion of the merits of it.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms M to accept or reject my decision before 21 May 2026.
Jeff Parrington
Ombudsman