

## **complaint**

This complaint is about Mr and Mrs W's mortgage with Lloyds Bank PLC (trading as Cheltenham and Gloucester) ("C&G")

Mr and Mrs W feel they weren't given good advice. They're particularly concerned that it wasn't made clear to them that their monthly mortgage repayments could go up after the end of the fixed rate deal they took out. Mr and Mrs W also feel that the adviser they dealt with pressured them into borrowing more money than they required.

## **background**

Mr and Mrs W took out a five year fixed rate mortgage deal with C&G. At the time, the fixed rate of 6.59% they signed up to was better value than C&G's standard variable rate which was then 7%.

By the time Mr and Mrs W's rate fix ended, C&G's standard variable rate was 2.5%. But despite this, Mr and Mrs W's monthly repayments didn't go down.

When they complained, C&G explained why this had happened. It said although the interest had reduced in line with the new rate, the capital part of their mortgage had increased. That's because Mr and Mrs W had built up arrears on the account and fees and charges had been added to the balance. So they *owed more* at the end of the fixed rate period than they would've done if they'd kept their payments up to date. There was only a short time left on the mortgage, so they had to *pay more* to ensure they cleared the account balance by the end of the mortgage term. C&G said it had always been up to Mr and Mrs W to decide if they wanted the mortgage it offered them. So it didn't uphold their complaint. But C&G offered to pay Mr and Mrs W compensation as it agreed it hadn't explained the payment increase clearly at the time and it'd taken some time to respond to a recent letter they'd sent.

Mr and Mrs W weren't happy with this response and asked this service to look into their complaint. Our adjudicator carefully investigated Mr and Mrs W's account history and their circumstances when they'd applied for the mortgage. He could see that after the first year or so, they'd had ongoing problems making their monthly mortgage payment on time. Their money problems started after Mr W's work hours changed. Our adjudicator didn't think the mortgage had been unaffordable for Mr and Mrs W when they took it out.

Our adjudicator also felt the mortgage offer C&G made to Mr and Mrs W highlighted the possibility that payments could increase at the end of the fixed rate deal. He was satisfied that if Mr and Mrs W had been able to keep their mortgage up to date then their payments would've gone down as they'd expected. Although he was sympathetic, the adjudicator felt C&G had given a fair and reasonable response on this point and Mr and Mrs W's mortgage payments had been calculated correctly.

It looked as if Mr and Mrs W might've borrowed more than they appeared to need to clear their existing mortgage and pay off some debt. But our adjudicator didn't feel able to say that they'd been pressured into borrowing the amount they did. His view was that if there'd been any surplus left over after repaying their debts Mr and Mrs W could've repaid up to 10% of the mortgage balance each year as a lump sum without penalty. But it seemed they hadn't ever done that. Mr and Mrs W hadn't complained about the amount of the mortgage when they took it out and they signed up to borrow the amount C&G offered them. So our

adjudicator didn't feel able to uphold Mr and Mrs W's complaint that they'd been put under pressure to borrow more money than they'd wanted or could afford.

Our adjudicator didn't agree that C&G acted in a way that he could say was wrong, unfair or unreasonable when it failed to agree payment breaks or any other hardship options that Mr and Mrs W feel would've been helpful. It had agreed a number of payment arrangements to help clear arrears and keep arrears charges down. But allowing a payment holiday would've led to the remaining mortgage payments increasing even more as Mr and Mrs W would've had to repay a larger balance over a shorter term.

Overall, our adjudicator felt that C&G's offer to pay Mr and Mrs W £150 was a fair way to settle their complaint.

Mr and Mrs W disagree, so their complaint has been referred to me.

### **my findings**

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. I've taken into account everything Mr and Mrs W say in response to the adjudicator's assessment. But I agree with the adjudicator for the same reasons.

### **my final decision**

For these reasons, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr and Mrs W to accept or reject my decision before 8 April 2016.

Susan Webb  
**ombudsman**