

complaint

Mr C complains that Mortgage Express failed to respond positively and sympathetically to the financial difficulties he is facing because it will not allow him to re-arrange his mortgage.

background

Mr C asked Mortgage Express if he could restructure the loan to be interest only for a period of 24 months to enable him to repay another debt. Mortgage Express reviewed his income and expenditure but did not agree to his proposals.

The adjudicator did not recommend that this complaint should be upheld. He concluded that Mortgage Express had fully assessed Mr C's request to convert the mortgage to interest only and it was entitled to decline it. He also considered that it was not reasonable to expect Mortgage Express to give up repayment of its debt so that another debt could be repaid.

Mr C responded to say, in summary, that Mortgage Express was not willing to help and was treating him unfairly because it was experiencing financial difficulties itself.

my findings

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint.

In situations of financial difficulty, banks are expected to treat their customers positively and sympathetically. That might mean coming to a mutually agreeable arrangement about a debt, such as developing a repayment plan or converting it to interest only – but it does not mean that the bank is automatically obliged to do this.

Mr C told the bank that he had another sizeable debt that he was required to repay and asked it to allow the mortgage to be interest only for 24 months. In such circumstances, I consider that the bank was entitled to make enquiries and carry out its own investigations to check on the situation. I find that Mortgage Express asked him to complete an income and expenditure form, so that it could assess for itself the ways in which it could help further. Having reviewed the financial information provided by Mr C, Mortgage Express decided that there were other ways in which Mr C could reduce his monthly payments, to free up money to pay the other debt. It also suggested that Mr C could try to arrange to repay it over a longer period of time. I do not consider that this was unreasonable. Furthermore, like the adjudicator, I am not persuaded that it is reasonable to expect Mortgage Express to give up repayment of its debt so that another one can be repaid.

Mortgage Express has explained that its lending policy is not to agree to an interest only mortgage unless it is satisfied that all other options have been investigated. The monthly repayments would increase to a considerably higher level when the mortgage returns to a capital and interest basis, which can lead to increased financial difficulties in the future. I consider Mortgage Express is entitled to make its own decisions about the terms on which it is willing to lend to its customers; this is a legitimate exercise of its commercial judgement, with which I cannot properly interfere.

I understand that Mr C decided that he would reduce his monthly mortgage payments without the agreement of Mortgage Express. This means that the mortgage could fall into

arrears and additional charges could legitimately be applied. In addition, there could be adverse information recorded on Mr C's credit file. If arrears have occurred, I would urge Mr C to contact Mortgage Express, if he has not already done so, to agree a mutually acceptable way in which to bring the account up to date. Likewise, if Mr C's circumstances deteriorate in the future, I would again encourage him to contact Mortgage Express so it can re-assess the situation. I would remind the bank that the duty to treat someone in financial difficulty positively and sympathetically is an ongoing one.

my final decision

My final decision is that I do not uphold this complaint.

Karen Wharton
ombudsman