

## **complaint**

Mr B and Ms M complain about how Southern Pacific Mortgage Limited dealt with them while Mr B was receiving medical treatment. They say it didn't provide appropriate support and advice about repaying the mortgage debt and its service and communication is poor.

Mr B and Ms M also complain about the failings of Southern Pacific's processes including the handling of their complaint. They ask that it apologises, acknowledges its failings and changes its processes. Mr B and Ms M have been supported in bringing their complaint by a housing charity.

## **background**

Mr B and Ms M took out a mortgage with Southern Pacific in 2006. When the term ended in early 2015 there was an unpaid balance on the mortgage account. The housing charity says this was due to charges and additional interest applied to the account during a period when health problems prevented Mr B from working. Southern Pacific allowed Mr B and Ms M six months to pay the debt. At the end of this period, a debt remained of about £3,500 and Mr B had been diagnosed with a serious condition requiring medical treatment. The housing charity put forward a repayment proposal. It asked that Southern Pacific didn't contact Mr B and Ms M.

On behalf of Mr B and Ms M, the housing charity says Southern Pacific didn't record information on its systems to allow staff to respond appropriately. Staff members lacked empathy, professionalism and training. It says Southern Pacific should look at each situation on its merits, not apply a blanket policy. Vulnerable customers should be treated appropriately regardless of their financial situation or whether the mortgage term had ended.

The housing charity says Southern Pacific's poor processes caused errors. It continued to send letters to Mr B and Ms M. It sent out a field agent in error. Southern Pacific asked for additional fees when Ms M tried to repay the remaining balance. Mr B and Ms M say the £100 compensation offered by Southern Pacific isn't enough. They ask that it reviews its systems and policies.

The adjudicator recommended that the complaint should be upheld, saying:

- The service provided by Southern Pacific wasn't acceptable. It should pay compensation of £250 for the upset this caused.
- When Mr B and Ms M took out the mortgage they agreed to its terms. Southern Pacific gave them an extension of six months to try to repay the outstanding debt before it took any action. This was fair.
- This service isn't a regulator and we can't require Southern Pacific to change its processes.

Mr B and Ms M didn't agree. On their behalf, the housing charity said Southern Pacific should review its processes to improve how it deals with customers.

## **my findings**

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

Southern Pacific allowed Mr B and Ms M six months after the end of the mortgage term to clear the remaining debt. While Mr B and Ms M made payments, they didn't clear the debt within six months. They found out that Mr B had a serious medical condition.

The housing charity then contacted Southern Pacific on Mr B and Ms M's behalf with a payment proposal, which was accepted by Southern Pacific. I think Southern Pacific acted fairly when it offered the six months extension and agreed to the repayment proposal.

However, Southern Pacific made errors. It didn't contact Mr B and Ms M (or the housing charity) about their payment proposal when it said it would. The service provided during phone calls was poor. Because of the upset caused by Southern Pacific's errors, Ms M borrowed from a family member to repay the debt. But when she tried to repay the debt, Southern Pacific told her she'd have to pay additional fees. I think receiving a visit from a field agent (in error) must have been very upsetting for Mr B and Ms M.

I think it's fair and reasonable to require Southern Pacific to pay compensation of £250 for the upset caused by its errors.

I understand why Mr B, Ms M and the housing charity say that Southern Pacific should review and improve its systems, processes and policies. But the Financial Ombudsman Service is an informal dispute resolution service and not a regulator. We don't have the power to require Southern Pacific to make these changes.

## **my final decision**

My decision is that I uphold this complaint. I order Southern Pacific Mortgage Limited to pay £250 to Mr B and Ms M.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B and Ms M to accept or reject my decision before 18 April 2017.

Ruth Stevenson  
**ombudsman**