

## **complaint**

Ms G complains that Elderbridge Limited won't allow her to continue making payments of £100 a month on her secured loan when this is all she can afford.

## **background**

Under the terms of a secured loan for £40,000 that Ms G took out in 2007 with another lender, B, she agreed to make contractual monthly payments (CMPs) of over £450 for 25 years. But in 2010 she ran into financial difficulties. Between October 2010 and August 2011 she didn't make any payments at all. From August 2011 she was only able to pay £100 a month, which B accepted. When Elderbridge took over the loan from B, she hoped to be able to continue the payments at the same level.

During a phone call on 6 April, an adviser, Mr C, told Ms G that, although a three month extension of the current arrangement had been agreed, this couldn't continue in the long term and it was likely that Elderbridge would start possession proceedings, if she couldn't increase her payments. Ms G felt Mr C was flippant and unsympathetic to her difficulties. She said she'd previously been given the impression that, as long as she sent in copies of her bank statements and pay slips, Elderbridge would allow her to go on paying £100 a month.

## **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 listened to the recordings of calls Ms G had with Elderbridge, including two earlier calls on 24 February and 16 March. In each of the calls, including the one on 6 April, the advisers she spoke to were sympathetic but realistic about the scale of the difficulties Ms G faced. I think they all, including Mr C, were very aware that she was facing the prospect of losing her home. They all encouraged her to take independent financial and legal advice. I appreciate that the last call in particular was a difficult one, but I don't think Mr C was flippant or dismissive of the seriousness of the situation.

During the first call on 24 February the adviser, Ms A, took Ms G through an income and expenditure assessment. Ms G's recollection is that Ms A said that sending in proof of income and expenditure would enable Elderbridge to set up a long term payment plan of £100 a month. In fact Ms A explained to Ms G that the evidence relating to her income and expenditure would be passed to another department for it to decide whether Ms G would be able to continue paying £100 a month. Ms A was sympathetic and clearly wanted to do what she could to help Ms G. But at no point did she say it would be alright for Ms G to carry on making payments of £100 a month.

The second adviser Ms G spoke to on 16 March, Mr B, explained that, since Ms G's financial circumstances weren't going to improve, it was unlikely that Elderbridge would accept payments of £100 for any length of time. He told Ms G she needed to start looking at exit strategies. He made it clear that the account would be reviewed and that the decision whether or not to accept £100 would be made by his team leader. I think, by the end of that call, Ms G could have been in no doubt that it was unlikely her payment proposal would be accepted.

That was confirmed during the third call with Mr C. He explained to Ms G that, if she continued to make payments of no more than £100 a month, the situation would deteriorate even more. He asked her the value of the house and the amount left to pay on the first mortgage. Her answers confirmed that she was in negative equity, with a likely shortfall of more than £20,000. Mr C said she needed to look at exit strategies. He advised her to seek independent advice but said that the reality of the situation was if she couldn't pay off the debt, the only option for Elderbridge would be to start legal proceedings for possession.

I do understand how upsetting this conversation was for Ms G. But by this time it was over five and a half years since she'd been able to make a full CMP. The payments she was able to make were less than a quarter of the amount she should have been paying. She'd explained to Ms A that the difficulty started after health problems led to a reduction in her working hours. She'd also confirmed that, while she was keeping an eye out for better paid work, there was no immediate prospect of an improvement in her financial situation. Given that she was already in negative equity, I think Mr C was correct in advising her that Elderbridge's only option would be to seek possession of the property.

The adjudicator asked Elderbridge if it would agree to Ms G selling the house herself with an unsecured loan to cover the shortfall. Elderbridge responded to this with some caution. But it has said that, if Ms G lets it have a valuation of the house and proof that it's on the market, it will consider this option.

Ms G's problems are the result of the financial difficulty she ran into following a serious illness. They are not down to anything that Elderbridge has done. I don't consider Elderbridge acted unfairly when it decided it couldn't allow the present situation to continue. There are significant arrears. They are continuing to accumulate. There is no realistic prospect that Ms G will be able to clear them. I have every sympathy for Ms G who faces losing her home, but I'm satisfied that, in allowing Ms G a breathing space of three months to take advice and sort out what she was going to do, Elderbridge has acted as positively and sympathetically as was possible in the circumstances.

### **my final decision**

I do not uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms G to accept or reject my decision before 3 October 2016.

Melanie McDonald  
**ombudsman**