

complaint

Mr S says that in 2007 he was mis-sold a self-certified mortgage by Gem Mortgages and says he has an interest-only mortgage with no repayment vehicle. Mr S wants this service to assist him to rectify the situation.

background

Mr S says Gem Mortgages advised him that he should get on the housing market in 2007 and recommend to him an interest only 25 year mortgage. Mr S says that it wasn't until 2018 that he came across the terminology of a repayment vehicle and says that he wasn't advised to have one set up so that he could pay off his mortgage in 25 years. Now with 13 years to go, Mr S says that he has little chance of paying his mortgage off in that time.

Our investigator didn't recommend that this complaint should be upheld as the repayment vehicle - which was the sale of the property - was set out in the mortgage offer and Mr S could see from the annual statements that the mortgage was interest only. Mr S asked for a review and said that he thought that at the time of application that he was on income support hoping to procure some work.

my findings

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

Mr S bought a property in 2007 for £101,000. Mr S needed to borrow £85,850 and Gem Mortgages recommended that Mr S take out an interest-only mortgage. That loan attracted interest and required to be repaid. The mortgage offer that Mr S signed says that his plan was in 25 years time to sell the property to pay off the mortgage. Mr S says that he didn't know anything about a repayment vehicle until 2018. But it clearly states in his mortgage offer what this repayment vehicle is to be, so I must assume that he read the offer and that he was content with it. In any case Mr S would have known that his monthly repayments weren't repaying the capital as he got annual statements telling him exactly that

I also note from reading Mr S's mortgage account that Mr S would, on occasion, make repayments of capital such as £1,000 in both July and November 2013, £9,600 in August 2014, £2,000 in 2017 etc. This indicates to me that Mr S was well aware how the mortgage worked and that the monthly payments weren't paying off the capital. In the 11 years until 2018 Mr S made no complaint about that. So, it's reasonable to assume that Mr S was content with interest only and that he could reduce the capital balance from time to time as it suited him.

Mr S makes a number of other points against Gem including that it forced him onto the property market. But, on the other hand, Mr S also says that he wanted to own his own home. Furthermore, that it pressurised him into the mortgage but Mr S seems to have had a good deal of breathing space before he agreed the mortgage and never complained of this pressure for 11 years. Mr S complains that the mortgage was self-certified but that wasn't uncommon in 2007 and I can't see that Mr S was disadvantaged by it. He certainly seems to have been able to make the payments required under the mortgage contract and he makes no issue that he couldn't afford the payments. I also note all fees that he had to pay were

disclosed in the mortgage offer and I can't see that there are breaches of regulations in respect of disclosure. For the reasons set out above I can't fairly uphold this complaint.

my final decision

My decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 12 June 2020.

Gerard McManus
ombudsman