

## **complaint**

Mr B complains that Clydesdale Bank Plc is unfairly requiring that his interest only mortgage facility changes to capital and interest payments. He asks that it honours the original terms and conditions.

## **background**

Mr B says he agreed an interest only mortgage facility with Clydesdale in 2005 to finance his buy to let property portfolio. In 2007 he asked to increase his borrowing and signed documents believing the facility was on the same terms. He was not made aware the documents contained new terms.

Mr B says Clydesdale is using the hidden terms to get rid of him as he no longer suits its business model. He says it is acting unreasonably by not reducing the outstanding debt so he can re-mortgage with another provider. He says he cannot afford to repay the loans over the remaining term. Mr B also says Clydesdale may be guilty of "LIBOR fixing" in relation to the margin on his facility.

The adjudicator did not recommend that the complaint should be upheld. He said:

- The terms of previous loans are not relevant. The terms of the 2007 facility say the loans will be reviewed before their seventh anniversary (that is, 2014) to agree a schedule for the loans to be repaid. So Clydesdale had acted in accordance with the terms and conditions in asking that the debt be repaid within the remaining term.
- Clydesdale was not obliged to explain each term in the contract. Mr B was responsible for ensuring he read and understood the terms before agreeing to them.
- Clydesdale was not involved in setting LIBOR rates.
- There was nothing to suggest Clydesdale had made errors in administering the loan account so it was not reasonable to ask it to write off part of the debt.

Mr B did not agree. He said the terms of the previous loan were important as he had believed this loan had the same terms. His advisers had been trying to discuss debt repayment with Clydesdale but it refused to accept anything other than full repayment over eight years. Mr B said Clydesdale had acted wrongly by selling a loan portfolio – including his loan – while this complaint was ongoing.

## **my findings**

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. Where the evidence is incomplete, inconclusive or contradictory, I reach my decision on the balance of probabilities – in other words, what I consider is most likely to have happened in light of the available evidence and the wider circumstances.

I am not persuaded Clydesdale acted unreasonably in asking that Mr B agrees a strategy to repay his debt. I say this for the following reasons.

- The 2007 facility has a warning immediately above the signature page that it is a legally binding document. It recommends taking independent advice before signing. Mr B does not dispute signing the facility.
- While Mr B says he assumed the 2007 facility was interest only, I have seen nothing to persuade me Clydesdale misled Mr B about the terms.
- The 2007 facility says the loans must be repaid before the final maturity date (in 2022). It also says it will be reviewed before the seventh anniversary, following which the loans will be repaid in accordance with a repayment schedule. I am not persuaded Clydesdale is in breach of the terms in asking Mr B to agree a repayment schedule.
- Clydesdale contacted Mr B some months before the seventh anniversary making it clear it did not wish to continue with interest only payments. It gave Mr B time to consider alternatives and seek advice. It has accepted interest only payments while Mr B's complaint is dealt with.
- Clydesdale accepts that rental payments are not sufficient to repay the loan over the remaining term and is open to proposals from Mr B. The debt has the benefit of security over the buy to let properties, which have been valued at more than the outstanding debt. Clydesdale made it clear it will not write off part of the debt and I am not persuaded it is under any obligation to do so.
- I am not persuaded Clydesdale was involved in setting LIBOR rates. The margin applied to Mr B's loans is set out in the 2007 facility.
- Clydesdale confirmed it will continue to deal with Mr B's complaint after transferring his loan to another provider.

I am not persuaded Clydesdale has breached the terms of Mr B's loan facility or been unfair or unreasonable in its dealings with Mr B. In the circumstances, I do not find it reasonable to require Clydesdale to accept interest only payments for the remaining term or to write off part of the debt.

### **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 B to accept or reject my decision before 25 September 2015.

Ruth Stevenson  
**ombudsman**