

## **The complaint**

Mr M complains that Blemain Finance Limited, trading as Together, has applied excessive fees and charges to his secured loan (second charge mortgage), and the loan balance has increased as a result. He also complains that his monthly payments have varied even though his loan should have been on a fixed interest rate from the outset, and that Together hasn't paid him the £100 it offered when he complained.

## **What happened**

Mr M took out this secured loan in 2002 with Blemain, which now trades as Together. He borrowed £14,500, plus just over £2,000 for a protected payment plan, payable on a capital and interest repayment basis over a term of 20 years.

On 23 October 2020, Mr M complained to Together. Together acknowledged his complaint, but didn't send Mr M its full response until June 2022. It said his loan wasn't on track to be repaid by term end because some payments had been missed or made late, and additional interest and charges had been added as a result. It accepted it hadn't always been clear about the impact the charges would have on the interest applied to the loan, so it refunded a significant amount of interest, along with a charge of £150 which it said it had wrongly applied.

Mr M referred his complaint to the Financial Ombudsman Service. He said his monthly payments had changed over the years and Together had charged an excessive rate of interest. He had understood the interest rate on the loan would be fixed at 12%, and said that Together hadn't explained why the loan balance is now as high as it is – he thought he had brought the loan payments up-to-date after falling behind in 2003 and 2004.

Our Investigator found that Mr M had left it too late to complain about charges added to his loan, because none had been added since 2009. She said the Financial Ombudsman Service can only consider how Mr M's loan operated in the six years leading up to his complaint. She went on to set out her findings about that.

The Investigator said that Mr M's monthly loan payments had fluctuated because his loan was on a variable interest rate. The rate wasn't fixed. She also looked at the points Mr M raised about compensation he should have received, and found that Together had refunded him and sent him £100 compensation separately as agreed.

Mr M didn't accept that conclusion and wanted his complaint to be looked at again. He thought he still wasn't paying the right amount each month and provided more information about what had happened when the loan went into arrears.

I issued a decision setting out which parts of this complaint I can and can't look into. I found that no additional charges had been applied to Mr M's loan between February 2009 and October 2020, when Mr M made this complaint. I said that, under the time limits I must apply, Mr M had complained too late about the charges applied before February 2009, so I can't look into them.

I said I can look into Mr M's complaint about how his loan had operated since 23 October 2014, because that's six years before he complained. I'm now issuing this final decision to set out my conclusions about that.

### **What I've decided – and why**

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

For the reasons I explained in my earlier decision, I can only consider Mr M's complaint from 23 October 2014 onwards. That means I can't look into what Mr M has said about the missed payments in 2003 and 2004, or the direct debit problem in 2011 – including any charges that arose as a result of those issues.

I've looked carefully at the transaction history for Mr M's loan, and I'm satisfied that no charges other than interest have been added to the loan during the period I can consider. I'm also satisfied that the interest rate on this loan is variable and that it has been variable from the start, as set out in the loan agreement. This means that Together was entitled to vary the interest rate, as long as it did so in line with its contract with Mr M.

I can't make a finding here about whether the charges that were added to the loan between 2002 and 2009 were applied fairly. But I can consider Mr M's complaint about how the loan has operated since 23 October 2014.

Mr M's loan balance increased over the years even though he was making regular payments, and the loan is still outstanding after Mr M expected it to have been fully repaid in 2022. Additional charges and missed or late payments in the early years of the loan had a significant impact on the loan balance. This is because when charges were added to the balance they attracted extra interest. And when payments were missed or made late, the capital balance either wasn't paid off as expected at all or was paid off late – which resulted in a higher balance the following month and more interest being charged.

As a result, by 2022, Mr M's loan balance had increased to more than £20,000. While Mr M had been making payments to the loan every month for a number of years, those payments were often not enough to cover the interest – and so the balance had gone up instead of down.

The loan balance barely decreased between October 2014 and early 2022, despite Mr M's regular payments. However, I think Together tried to explain the situation to Mr M at various points. In 2019 and 2020, for example, its records show conversations with him about the level of his monthly payments against the interest charges and the increasing loan balance. It wasn't, however, until Together reviewed Mr M's complaint in 2022 that it identified that it hadn't properly explained the implications of the charges and missed and late payments in the early years of the loan for the interest he was asked to pay overall, or that this meant the loan wasn't on track to be repaid by the end of the term.

As a result of this, Together refunded just under £16,000 to the loan on 19 March 2022. That's reflected in the loan transaction history, which I understand Mr M has a copy of. Alongside earlier refunds (and I think it's worth adding here that the £454.25 interest refund Mr M has queried is shown on the loan transaction history as a credit on 20 February 2019), this meant the loan balance reduced to around £4,000.

Mr M says he has already more than paid for the loan and should owe nothing further. As I've said above, any payments that were missed or late meant the capital loan balance didn't reduce as it should have done, and charges have also affected the balance. The refunds

and reduced balance mean that Together is now charging Mr M significantly less interest each month, and so his monthly payments are reducing the loan balance. I note that a plan now appears to be in place for Mr M to continue with his payments so that the loan will be repaid in 2024. In all the circumstances, and given that the refunds Together has made relate largely to additional interest charged before 23 October 2014 and therefore during a period I can't consider, I find that I can't fairly require Together to do any more.

Finally, Mr M has queried the £100 payment Together said it had sent him for the inconvenience caused by its delay in responding to his complaint. Our Investigator has now obtained details of the payment and relayed them to Mr M.

### **My final decision**

My final decision is that I don't uphold this complaint – in the sense that I don't require Together to do any more to resolve it.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 28 December 2023.

Janet Millington  
**Ombudsman**