

The complaint

Mrs R complains that Topaz Finance Limited trading as Heliodor Mortgages, or its predecessor, failed to convert her mortgage back from interest only to repayment terms after a concessionary period.

What happened

Mrs R's mortgage was originally with Northern Rock, later NRAM. It was transferred to Topaz in 2019, but Topaz has accepted responsibility for the actions of the previous lenders and for this complaint.

In around 2011, as a result of financial difficulty, Mrs R agreed with NRAM that her mortgage would be converted to interest only from repayment terms for a period of one year. This would reduce her monthly payments and help things get back on track. However, NRAM failed to convert the mortgage back to repayment terms in 2012 as agreed.

Mrs R complained about this in 2016. NRAM told her that because the term was by now shorter, the amount she'd have to pay on repayment terms wouldn't be affordable so it didn't switch the mortgage back. Mrs R asked for a term extension to make the change possible, but NRAM said it didn't offer term extensions.

In 2022 Mrs R complained to us that her mortgage was still on interest only terms and the balance hadn't reduced as a result. As she hadn't already contacted Topaz, we referred her complaint to Topaz in accordance with our rules.

Topaz accepted that her mortgage should have been switched back in 2012. And it agreed that it should, in the alternative, have been switched back in 2016 – and that a term extension was in fact possible and should have been agreed if necessary to facilitate that. It therefore upheld her complaint.

In settlement, Topaz offered to refund the additional interest it said Mrs R had been charged because her balance was higher than it would have been if her mortgage had been switched back to repayment terms, plus some compensation for her distress and inconvenience. In total, its offer amounted to around £13,600. Mrs R accepted that offer and Topaz paid her the compensation.

Mrs R then renewed her complaint to us. She said she wasn't happy with the compensation Topaz had offered. Our investigator didn't uphold her complaint, so Mrs R asked for it to be reviewed by an ombudsman.

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.

When we referred Mrs R's complaint to Topaz, it made her an offer of compensation, and Mrs R accepted that offer in settlement of her complaint.

Topaz's letter in March 2022 said

"In total, our offer in resolution of your complaint is £13,603.79. If you would like to accept this offer, please complete the enclosed acceptance declaration form and return it in the pre-paid envelope provided."

Topaz's letter then went on to explain that if Mrs R wasn't happy, she had the right to bring her complaint to the Financial Ombudsman Service.

On 6 April 2022, Mrs R signed the acceptance form. The form said

"I accept the sum of £13,603.79 in settlement of my complaint. Signed [Mrs R]."

The acceptance form reminded Mrs R:

"Our payment to you is made in settlement of your complaint(s)."

This means Topaz made an offer in full and final settlement of Mrs R's complaint. She accepted that offer and has received the payment. I appreciate Mrs R now isn't happy with the agreed settlement and thinks she should be awarded more. But she accepted Topaz's offer at the time. Mrs R didn't have to accept the offer; she could have come to us instead of doing so rather than after doing so.

The fact is that she did accept the offer in settlement of her complaint. As a result I think Topaz can fairly regard the complaint as having been resolved. I don't think Topaz was unclear about what it was offering, or that it concealed any relevant information from Mrs R that she might have needed to know about before deciding to accept the settlement. In all the circumstances I don't think it would be fair and reasonable for me to re-open the agreed settlement or require Topaz to pay Mrs R further compensation now.

My final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs R to accept or reject my decision before 15 December 2023.

Simon Pugh
Ombudsman