

The complaint

Mr and Mrs F complain that TSB Bank plc treated them unfairly when it took action for possession in 2018 and when it declined their offers to settle the mortgage debt in 2022. They ask that it agrees a fair settlement to redeem the mortgage and apologises for the misery, trauma and stress they suffered.

What happened

Mr and Mrs F took out an interest only mortgage in 1991 which is now with TSB. The term expired in late 2011 with an unpaid balance.

In 2022 Mr and Mrs F made offers to settle the account. These were declined by TSB. Mr F says TSB should have agreed to settle the mortgage account for an amount less than the balance to compensate them for the distress caused by it taking possession action in 2018.

TSB had started action for possession in late 2017. The court dismissed TSB's claim in mid-2018 saying TSB hadn't presented a coherent case for possession. The court said TSB couldn't add its legal costs to the mortgage account. TSB responded to Mr and Mrs F's complaints related to this in late 2019.

We told Mr and Mrs F that we can't look into their complaint about what happened in 2017 and 2018. This part of their complaint was brought to us more than six months after TSB issued its final response, and so was brought to us outside our time limits. We can consider whether TSB treated Mr and Mrs F fairly when they offered to settle the mortgage in 2022.

Our investigator said it was reasonable for TSB to expect the mortgage to be repaid. It wasn't obliged to accept the offers made by Mr and Mrs F, and they hadn't suffered any detriment due to TSB agreeing to consider their offers.

Mr and Mrs F didn't agree. In his response, Mr F said TSB declined their offers without indicating what would be acceptable. He said they were the only ones making an effort to reach agreement, so decided to repay the account and raise a complaint.

Mr F said the crux of the complaint was to ask TSB what actual figure did TSB's higher management deem an appropriate settlement? And how was this relayed to the person they were dealing with?

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.

Mr F asked that we hold our complaint process until we obtain a copy of their mortgage offer (dated October 1991) from TSB. He said he would then send his own copy for us to compare, as well as evidence their mortgage term was due to expire in 2019.

Mr and Mrs F have had enough opportunity to provide any evidence they consider to be relevant or that they'd like me to consider before I issue a final decision. I'm satisfied that I

have enough information and evidence to reach a fair decision. I should explain that 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.

When Mr and Mrs F took out their mortgage, they agreed to repay it. In fairness, TSB was entitled to expect the balance to be repaid in full when the term expired. While Mr F says this was in 2019, based on the available evidence I think the term expired in late 2011 or early 2012. This is supported by copies of the loan agreement from October 1991, which was for 20 years, and the letters TSB sent from 2011 onwards about the unpaid balance.

Of course, even if the term had expired in 2019 it would still be reasonable for TSB to expect Mr and Mrs F to repay the balance.

In April 2022 TSB wrote to Mr and Mrs F saying, following their call, it would wait for them to make a written offer to offer to settle the account.

In mid-2022 Mr and Mrs F made two offers to settle the debt. The offers would have meant TSB writing off a substantial portion (between 30% and 45%) of the debt owed.

TSB said the two offers made by Mr and Mrs F to settle the account were declined as they weren't appropriate. Based on this it said it would only accept the full balance. Mr and Mrs F repaid the mortgage balance in late 2022.

Mr F says TSB didn't tell them what offer would be acceptable. I don't think there was any requirement for it to do so. TSB says it doesn't have a policy about what is acceptable in these circumstances. I don't think it was unfair for TSB to say it would consider offers from Mr and Mrs F with the aim of reaching agreement to settle the account. TSB was entitled to make a commercial decision whether to accept Mr and Mrs F's offers.

Ultimately, Mr and Mrs F repaid the debt that they owed, and which had been outstanding for about 10 years. TSB wasn't obliged to allow Mr and Mrs F to settle the debt for less than was owed. I don't think it's fair and reasonable in the circumstances to require TSB to refund any redemption monies, pay compensation to Mr and Mrs F or take any further steps in respect of 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 F and Mrs F to accept or reject my decision before 1 October 2023.

Ruth Stevenson
Ombudsman