

The complaint

Mr J complains that he was treated unfairly by Together Personal Finance Limited (trading as Together) when his mortgage was in arrears. He says he was pushed into selling his property for less than it was worth.

What happened

Mr J took out a mortgage with Together in 2014. The mortgage fell into arrears in late 2015 and Together took legal action. Mr J sold the property in March 2018 and repaid the mortgage.

After this, Together undertook two reviews of the arrears fees it applied to mortgage accounts. It refunded fees and associated interest to Mr J.

Mr J says he'd have been able to sell the property for about £20,000 more if he'd been given more time. He says if Together hadn't applied unfair charges he'd have been able to repay the arrears and stay in the property, which he says is worth considerably more now.

Our investigator said the arrears fees hadn't been added the contractual monthly payment (CMP) and didn't form part of the arrears. He said Together didn't tell Mr J to sell the property, or give him a deadline to sell the property.

Mr J didn't agree and asked that an ombudsman re-consider the matter.

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 J's account fell into arrears in late 2015. Mr J was unable to maintain agreed payment arrangements. The arrears increased and Together obtained a court order for possession in September 2016. At this point his arrears were about £1,600.

Together says while it had eviction orders for October 2016 and January 2017, it agreed new arrangements to avoid taking possession. Together says Mr J didn't maintain the arrangements. It obtained a new eviction date in March 2018. At that time, Mr J's arrears were about £3,000, which was equivalent to nine months of missed payments.

Mr J sold the property in March 2018. He says this was to a business that specialised in buying properties that were about to be repossessed. Together says it wasn't aware Mr J was selling the property until a few days before completion. It says if it had known he wanted to sell the property, it could have offered him support through the sales process.

Mr J says he was pushed into selling the property for less than he believes it was worth. He says if he hadn't had to pay charges, more of the money he paid into the account would have been applied to his CMP and his arrears balance would have been lower. The recovery action taken by Together meant he had a deadline to sell the property before it took possession. And Mr J says Together's agent told him to sell the property.

While I understand the points made by Mr J, taking all of the circumstances into account, I don't think Together was responsible for Mr J selling the property for less than he says it was worth.

Mr J was in arrears from late 2015. He sold the property in March 2018, more than two years later. He was unable to maintain payment plans during this time. Mr J could have considered marketing the property for sale during this time. Or he could have taken independent financial advice about what options he might have. Mr J could have told Together he'd decided to sell the property and asked for time to market the property for sale, to obtain a better price.

Mr J says Together's agent told him to sell the property. There's no record of this, but it's possible this was discussed as an option. Even if this was the case, Mr J could have discussed with Together what support it could offer while he marketed the property for sale.

If Together had taken the property into possession, it would have been entitled to apply costs to the account. I can understand if Mr J wanted to avoid this. However, rules on mortgage regulation would have required Together to sell the property for the best price reasonably available.

Mr J decided to sell the property himself rather than it being taken into possession. I don't think it's fair to say that Together pushed him into doing this at short notice, and for £20,000 less than he says it was worth.

Together wrote to Mr J in late 2018 and late 2020 saying that it was refunding arrears fees. It refunded fees of about £1,300, with interest. These charges were added to the mortgage balance before Mr J sold the property. But they weren't added to the arrears balance. Mr J was unable to maintain payments and/or payment arrangements for most of the life of the mortgage. He didn't make any payments after November 2017. A court issued a warrant for possession and an eviction date. While I accept that the arrears fees increased the overall amount Mr J owed, I don't think the outcome would have been different if Together hadn't applied the fees.

It follows that I don't think it's fair and reasonable to require Together to pay compensation for Mr J selling the property for less than he says it was worth at the time or its value now.

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 J to accept or reject my decision before 8 August 2023.

Ruth Stevenson
Ombudsman