

## **The complaint**

Mr and Mrs M complained that they weren't aware the direct debit to pay their mortgage with Mortgages Plc had been cancelled. They said they wouldn't have agreed to that, and the communications Mortgages Plc then sent them were very worrying.

## **What happened**

Mr and Mrs M have raised a number of concerns about how their mortgage has been sold, and then administered, by Mortgages Plc. This case deals only with their complaint that in June 2023, their direct debit was cancelled, which led to a missed payment in August 2023.

Mr and Mrs M told us they wouldn't have agreed to a direct debit being cancelled, and they got no paperwork to tell them this had been done. That led to them missing a payment in August 2023. When they made a payment to bring the mortgage up to date, they then got a letter asking where that money had come from. They said this letter made them worry that their payment had been returned, which would affect their credit files. And they said they didn't understand why Mortgage Plc hadn't just asked about this, when they made the payment. Mr and Mrs M said the service when they tried to sort this out was terrible.

When they complained, Mortgages Plc said that it had cancelled Mr and Mrs M's direct debit on 7 June 2023, because they wanted to pay a little less than their contractual monthly payment ("CMP") for a few months. The agent Mr and Mrs M spoke to then said their direct debit couldn't be set for less than the CMP, it would have to be cancelled if they wanted to pay less. So Mortgages Plc said this wasn't done without Mr and Mrs M's knowledge.

Mortgages Plc said it then called Mr and Mrs M back on 18 July 2023, and reminded them on that call that their direct debit had been cancelled. Mr M then called it on 25 July to make a payment by card, so Mortgages Plc thought Mr and Mrs M were aware that their direct debit wasn't active.

Mortgages Plc said when its agent cancelled the direct debit, she didn't get Mr M to confirm agreement to this, and there was no letter sent to confirm this, although there should have been. Mortgages Plc said Mr M had subsequently made it aware that he had dementia, so it appreciated that written confirmation of its actions for their records would have been helpful.

Mortgages Plc said it also felt that its agent could have offered to reinstate the direct debit, when Mr M made a card payment.

Mortgages Plc said that it hadn't reported any missed payment to the credit reference agencies for August 2023. Mr and Mrs M weren't quite a whole month in arrears at the end of that month. Mr and Mrs M made a card payment on 14 September 2023, and their direct debit has been reinstated.

Mortgages Plc said it wanted to apologise for how some of Mr M's calls to it had been handled. And it said it had written to Mr and Mrs M after they paid both August and September's CMP by card in September, to ask where this money had come from.

Mortgages Plc said it shouldn't have done that in this case, because Mr M wasn't overpaying, he was only making up a payment he'd missed the month before.

Mortgages Plc offered £150 to say sorry, but Mr and Mrs M said that wasn't enough for what had gone wrong. They wanted our service to consider their complaint.

Our investigator thought this complaint should be upheld. She said that she'd listened to all the calls Mr M had with Mortgages Plc during this time, and she said that on 7 June, the advisor had told Mr M that the only way to make smaller payments for a few months would be to cancel his direct debit. An advisor then rang Mr M back on 18 July, to remind him the direct debit had been cancelled, and inform him that if no payment was made next month, that would be reported to credit reference agencies.

Our investigator noted that Mr M called Mortgages Plc to make a card payment on 25 July 2023. Because Mr M paid by card then, she thought he knew then that the direct debit had been cancelled. But Mortgages Plc told us it hadn't provided written confirmation that the direct debit had been cancelled, and when Mr M paid by card, it didn't offer to reinstate the direct debit. Our investigator thought if Mortgages Plc had written to tell Mr M that the direct debit had been cancelled, that might have avoided some of the problems here.

Mr M then called Mortgages Plc on 14 September, as he had received a text from them requesting an urgent call. Mr M spoke to Mortgages Plc more than once on that day. He was told the mortgage had fallen into arrears. Mr M said there was enough money in the account, so there must be a problem with the direct debit. Mortgages Plc then called back, reinstated the direct debit, and Mr M made a manual payment to bring the account up to date. On this call Mr M explained he suffers with onset dementia, and the text requesting an urgent call caused him considerable concern and distress. Mr M said that while he forgets some things, he would not have agreed to the direct debit being cancelled.

Mr M spoke to Mortgage Plc again on 2 October, as he'd received a letter asking where the money came from, to make his payment in September. This letter again caused Mr M concern, he was worried that the payment made might've been returned and the direct debit not reinstated, so he would be in arrears. And he said he didn't know why Mortgages Plc hadn't just asked about this during the call where he made the payment. Mortgages Plc has since apologised for sending this letter. Our investigator said she thought this had also caused avoidable distress.

Our investigator said Mortgages Plc had acknowledged it could've handled things better, but she thought that in the light of Mr and Mrs M's personal circumstances, Mortgages Plc should increase the compensation by a further £150, paying £300 in total, as this would better reflect the impact their mistakes have had on Mr M.

Mortgages Plc agreed with that, but Mr M didn't. He said that he still thought this mortgage was mis-sold, and he's making payments he shouldn't have to. Mr M feels the mortgage should be waived in full. Our investigator explained that this decision isn't dealing with those concerns. Mr M said he felt Mortgages Plc had let him down, and wasn't helping him. Because no agreement was reached, this case then came to me for a final decision.

### **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.

I've reached the same overall conclusion on this complaint as our investigator.

I'm sorry to hear that Mr and Mrs M have been so unhappy with the service that Mortgages Plc has provided them. However, I have to confine myself, in this decision, to dealing with their recent complaint about the cancellation of their direct debit, and the consequences which flow from that. I'm not able to look at the wider concerns Mr and Mrs M have raised, which I understand our service has responded separately on.

I've also been very sorry to hear about Mr M's health difficulties, and personal struggles affecting the couple. I've taken those into account in reaching my decision below.

I've listened to all the calls that Mr M had with Mortgages Plc during the relevant period. I'm satisfied that Mortgages Plc didn't cancel Mr M's direct debit without any discussion of this with him. I think it did so to try to support his aim of making slightly reduced payments for a few months. And I note that Mortgages Plc did also call Mr M back to remind him of this, and to discuss the impact on his credit file if his mortgage remained unpaid.

Mr M then rang Mortgages Plc to make a card payment, so I do think Mr M was aware then that his direct debit had been cancelled. However, Mr M later told Mortgages Plc that he's suffering from onset dementia. So I agree with our investigator that a written reminder of the cancellation of the direct debit would have been useful in this case. I note that Mortgages Plc usually issues written confirmation of any direct debit cancellation, and it has apologised for not doing so here.

Mortgages Plc has also apologised for the way some of Mr M's calls to it were handled. I think that in the main, Mortgages Plc has tried to support Mr M on his calls, however, I can hear that there were some lapses in service, and I think it's appropriate to bear that in mind when I consider compensation in this case.

Mortgages Plc texted Mr M when the mortgage went into arrears, and then also wrote to Mr M to ask where the money to make up the previous month's payment had come from. I understand Mr M found these communications worrying. I don't think that Mortgages Plc made a mistake by alerting Mr and Mrs M to the arrears on their mortgage, and I'm glad to see that Mr M was then able to make payment, and reinstate his direct debit. But I don't think it was necessary to ask Mr M for the source of his funds used to pay off the arrears on his mortgage. He was only making the payment in September which he had missed in August, so presumably still had those funds in his account from August. I'm glad to see that Mortgages Plc has apologised for any distress this caused.

Like our investigator, I think this complaint had more of an impact on Mr and Mrs M than Mortgages Plc may have appreciated, and I also think that a total payment of £300 (including the £150 already offered) would provide a fair and reasonable outcome to this complaint.

It doesn't look like Mortgages Plc has paid the sum of £150 which it previously offered Mr and Mrs M. But I'll allow Mortgages Plc to count that money towards this award, if it has already been paid.

I understand that Mr M would like very considerably more in terms of redress. He doesn't think that Mortgages Plc should be charging him for this mortgage at all. But I've explained that I'm not able to consider the wider issues he has raised with our service here. And I don't think it would be fair and reasonable to ask Mortgages Plc pay more than the £300 in total I've awarded here, as a resolution to this complaint.

**My final decision**

My final decision is that Mortgages Plc must pay Mr and Mrs M a total of £300 in compensation. Mortgages Plc can count towards that award any payment it has already made to Mr and Mrs M for this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs M and Mr M to accept or reject my decision before 3 April 2024.

Esther Absalom-Gough  
**Ombudsman**