

## **The complaint**

Mr T complains that Mortgages 1 Limited treated him unfairly regarding the sale of his property. Mr T is represented by a family member in bringing this complaint. I'll refer to the representative as Mrs T.

Mrs T says Mr T is in poor health and wants the sale of the property to proceed with the mortgage account settled for an agreed amount.

## **What happened**

The term of Mr T's interest only mortgage expired in 2021 with an unpaid balance. The balance owed was more than the value of the security property. Mr T wasn't living in the security property, which Mrs T described as uninhabitable and derelict.

In mid-2022 Mortgages 1 agreed Mr T could sell the security property for £80,000, with Mr T repaying the shortfall at £100 per month. Mrs T said the sale didn't proceed as potential mortgage lenders were concerned about the condition of the property. At some point in 2022, Mrs T decided to buy the property herself with a buy to let mortgage.

Mortgages 1 withdrew its agreement to accept £80,000 from the sale proceeds. It did this when it was told improvements were being made to the property, as it thought this could increase its value. And it did this again in early 2023 when it was told by Mr T's solicitors that the property was being sold for £100,000.

Mrs T says this was unfair. She says she borrowed money to pay for improvements to the property and was entitled to get this back. And although Mortgages 1 re-instated the agreement to accept £80,000 (plus interest), Mrs T says it caused delays with the sale of the property. Mrs T is unhappy about the behaviour of certain staff members when she called Mortgages 1.

Our investigator said Mortgages 1 had treated Mr T fairly and with forbearance. It agreed to re-instate the offer to accept £80,000 from the sale of the property. And offered £75 for any upset caused by poor service. Our investigator said that was fair.

Mrs T didn't agree and asked that an ombudsman re-consider the complaint.

## **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.

In mid-2022 Mortgages 1 agreed to accept £80,000 if the property was sold. This was some £50,000 less than the outstanding mortgage balance. Mortgages 1 agreed to this on the basis the property would be sold to a relative in its current condition. I understand that Mr and Mrs T were upset when Mortgages 1 said it had withdrawn this offer. But I don't think this was unreasonable in the circumstances.

In September 2022 Mrs T told Mortgages 1 it wasn't possible for this relative to secure a

mortgage due to the uninhabitable condition of the property. She said she needed to make improvements to the property for it to be suitable security for a mortgage.

Mortgages 1 withdrew its agreement to accept £80,000 on the basis the property would be worth more after the work. Mortgages 1 then agreed to extend its offer to accept £80,000 to mid-December 2022. In early 2023 the solicitors told Mortgages 1 the property was being sold for £100,000.

Mrs T told Mortgages 1 she intended to buy the property with a buy to let mortgage. She says she borrowed £20,000 to make improvements to the property so that it was mortgageable, and Mr T owes this money to her. Mrs T provided a copy of an agreement between her and Mr T and pictures showing improvements to the property to Mortgages 1. Mrs T says there was a misunderstanding with the solicitor which came about because she asked if the sales price could be recorded as £100,000 at the Land Registry. She says the sales price was £80,000, but the property will cost her £100,000 taking into account the £20,000 she's spent on repairs.

While I understand the points Mrs T makes, I don't think any of that changes the position for Mortgages 1. If Mrs T paid for repairs to the property, or if Mr T owes money to Mrs T that's a private matter between them.

Mr T owes a debt to Mortgages 1 and that debt is secured on the property. When Mortgages 1 was told that the property was being sold for £100,000 (rather than £80,000), I think it was reasonable for Mortgages 1 to consider whether it could fairly recoup more of the debt that Mr T owes.

In response to Mr T's complaint, Mortgages 1 re-instated the agreement to accept £80,000, plus interest that accrued since it first agreed to accept £80,000 (about £5,000), with the shortfall repaid in monthly instalments. I think this was fair. Mortgages 1 took Mr T's health and circumstances into account when it agreed to this. This allowed Mr T to sell the property and repay a large part of the mortgage debt.

Mrs T says by re-considering whether it would accept £80,000 Mortgages 1 delayed the sale of the property. I can understand that was frustrating. But I think it was fair for Mortgages 1 to re-consider its agreement when it was given new information about the possible value of the property and the sales price. I haven't seen anything to suggest that Mortgages 1 was deliberately trying to sabotage Mr T's plans to sell the property.

In 2022 Mrs T sent pictures to Mortgages 1 to show the work being carried out to the property. She says Mortgages 1 didn't upload the photos and continued to ask about progress to sell the property. Mortgages 1 said the photos were poor quality and it couldn't see the condition of the property. But in any case, Mortgages 1 needed to ask about Mr T's repayment strategy and updates on its progress. I don't think this was unfair.

I can appreciate this was a difficult time for Mr T and Mrs T. But I don't think Mortgages 1 treated Mr T unfairly. It showed forbearance when it agreed to a sale of the property and to release its charge without the mortgage being repaid in full. It agreed to an arrangement that allowed the sale of the property to proceed. I think Mortgages 1 was entitled to ask for information and re-assess the position when it received information that suggested the property was worth more, or was being sold for more, than when it agreed to accept £80,000.

Mrs T said Mortgages 1 hadn't agreed to switch the mortgage to a repayment basis. Mortgages 1 said it wasn't aware of when Mrs T thought Mr T had requested this, but it was unlikely it would have been affordable. Given the mortgage was in arrears for some time and

Mr T last made a mortgage payment in mid-2019 I think that's likely to be correct.

Mortgages 1 said it listened to Mr and Mrs T's calls. It said it was happy with the service provided other than the tone used by one of its agents during a call. It offered £75 compensation for the upset this caused. I think this is fair, in the circumstances.

Mr T has now sold the property. Mrs T raised new concerns about the redemption amount, interest and fees applied to the mortgage balance, whether payments from the department of work and pensions were properly applied and the amount of the shortfall. As these issues weren't part of the complaint which was raised with Mortgages 1 and brought to us, I can't fairly look into them here.

### **My final decision**

My decision is that Mortgages 1 Limited should pay £75 to Mr T, as it offered to do (unless of course it has already made the payment).

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr T to accept or reject my decision before 2 February 2024.

Ruth Stevenson  
**Ombudsman**