

The complaint

Mr B's complaint arises out of buy-to-let (BTL) mortgages he holds with Bank of Scotland plc trading as Birmingham Midshires, and referred to here as BM.

Mr B says that two letters he sent to BM asking for it to change the address on his mortgage and to request a payment deferral on the mortgage weren't actioned, because the bank didn't receive them.

To settle the complaint Mr B wants BM to compensate him for the stress this has caused, which has affected his well-being, and to amend his credit file.

What happened

Mr B is a professional landlord who has three BTL mortgages with BM. On 30 May 2022 Mr B wrote to BM asking it to change his address to a new UK address.

On 19 July 2022 Mr B wrote again to BM explaining that, due to family circumstances, he had been living abroad for the past year. He asked BM for a "*period of grace*" for three months, beginning 1 August 2022. Mr B said this would help him to clear some of his debts and by the end of the period he would return to the UK.

Neither letter was received by BM.

No payments were received for the mortgages between August 2022 and April 2023.

After he returned to the UK Mr B contacted BM. He said that he'd noticed payments were 'bouncing' and tried to contact BM, but this was difficult when he was abroad. Mr B had also been unable to pass security because the address he was giving was different from the address BM had on file (because BM hadn't received the change of address letter).

Mr B said that when he resumed repayments, he wasn't aware that the account details had changed. As a result, payments 'bounced'. Mr B explained to BM that, because he wasn't aware of the correct details to make his monthly payments and couldn't get through to BM to confirm these, the arrears increased because he used the funds for personal purposes.

Mr B set up a new standing order to make the monthly payments, plus an amount towards the arrears. However, he complained to BM because his credit file had been affected.

BM didn't uphold the complaint. It said that it hadn't received the change of address letter and so didn't know Mr B's address had changed. BM also said that payment breaks were not a feature of BTL mortgages and so, even if it had received the request for this (which it had not), this wouldn't have been agreed in any event.

In relation to the issue about making payments, BM noted that it had informed Mr B of the new payment details in September 2021, and he'd been making payment using those details up until he stopped making payments in August 2022. BM therefore didn't consider it had made a mistake.

Mr B brought his complaint to our service when an Investigator looked at what had happened. He didn't think the complaint should be upheld. He noted BM had no record of ever receiving Mr B's letters. The Investigator explained that BM was under a duty to report accurate information to credit reference agencies, including missed payments. He was therefore unable to find any error on the part of BM.

Mr B disagreed and asked for an Ombudsman to review the complaint. Mr B said that when BM became aware he'd changed his address in November 2022 (when a letter sent to his previous address was returned to BM), it should have done more to try to contact him.

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.

Having done so, I'm afraid I have disappointing news for Mr B; I'm not upholding the complaint. These are my reasons.

Change of address: BM didn't receive Mr B's letter advising it of his change of address, so it didn't know he'd moved from his previous address. I don't know why BM didn't receive the letter. But I note that it was sent during the time Mr B was outside the UK, so it may have been lost in the overseas postal system before it reached the UK, or by Royal Mail.

After mortgage payments started to be missed, BM wrote to Mr B but the letter was returned. BM thereafter wrote to the secured addresses, as it had no other contact address for Mr B.

Mr B argues that BM should have taken other steps to try to contact him. However, I note that Mr B also says that he received texts from BM about missed payments and tried to contact the bank, but it was difficult because he was outside the UK.

Given that BM hadn't received the change of address details, I'm not persuaded there was anything further BM could have done, if Mr B didn't contact the bank once he was aware payments were being missed.

Payment break: It is not part of BM's policy to allow payment breaks on BTL mortgages. Therefore even if BM had received Mr B's letter sent in July 2022, it wouldn't have agreed to this in any event.

As with the change of address letter, this letter was also sent while Mr B was abroad, so it's not clear whether it went astray before it reached the UK or wasn't delivered by Royal Mail. Either way, BM isn't responsible for this.

Change of account details: When Mr B resumed payment, he used incorrect account details, which resulted in the payments 'bouncing'. Mr B said that he wasn't aware payment information had been changed.

However, I note that, in September 2021 when Mr B's accounts were migrated to a new system, BM wrote to him advising him of this and giving him the new account details. Mr B thereafter made payments using the new account details, up until August 2022, when he stopped making payments.

I'm therefore not persuaded there has been any error by BM; Mr B had the correct account details to enable him to pay the mortgage. They'd not been changed after September 2021.

Credit file: I appreciate that missing payments on his mortgage accounts has had implications for Mr B's credit file. BM is under an obligation to provide credit reference agencies with accurate information about the payment history on the account. I'm therefore unable to find BM has made an error in relation to Mr B's credit file.

I appreciate this isn't the outcome Mr B was hoping for. However, as a professional landlord it is up to him to manage his business and ensure his mortgages are paid every month. It is also Mr B's responsibility to be aware of the terms and conditions that apply to his mortgages, including the fact that payment breaks are not something BM allows. Therefore, whilst I acknowledge the impact these events have had on Mr B, I'm not persuaded BM is at fault.

My final decision

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

This final decision concludes the Financial Ombudsman Service's review of this complaint. This means that we are unable to consider the complaint any further, nor enter into any discussion about it.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 8 April 2024.

Jan O'Leary
Ombudsman