

The complaint

Mr S' complaint is about his buy-to-let mortgage with The Co-operative Bank Plc trading as Britannia. He is unhappy that Britannia didn't remind him that his mortgage was due to be repaid and so he had very little time to source the funds needed, which was very stressful. Mr S wants to be compensated for the stress and inconvenience he was put to and believes Britannia needs to alter its processes to prevent others from suffering the same type of situation.

What happened

In early 2008 Mr S applied for a buy-to-let (BTL) mortgage with Britannia. The mortgage was applied for directly and no advice was given or recommendation made. The mortgage was for slightly over £66,000, on an interest-only basis and had a term of 15 years. The term was confirmed on all the documentation subsequently issued to Mr S.

In April 2020 Britannia wrote to Mr S reminding him that his mortgage was due to be repaid on 16 April 2023. It asked him to call it and confirm how he intended to repay the mortgage if he hadn't previously done so. Mr S contacted Britannia and it sent him a letter on 6 May 2020 confirming what he had told it about his plans.

Britannia has confirmed that as Mr S was aware of when the mortgage was due to be paid off and had confirmed he already had the funds he needed to do so, it didn't send any further reminders. On 26 April 2023 it wrote to Mr S again and informed him the term had expired and he needed to repay the capital owed. Included was a redemption statement detailing the amount Mr S was due to pay. He redeemed the mortgage in May 2023.

Mr S complained to Britannia about the lack of notice of the end of the term. Britannia responded to Mr S' complaint in a letter of 6 May 2023, but it didn't uphold it. It highlighted that Mr S had applied for the mortgage without receiving advice and he had requested a 15-year term, so would have known it needed to be repaid in 2023. In addition, it said that since 2008, the annual statements sent to Mr S had confirmed the term end date. Britannia also confirmed it had written to Mr S in 2020 to remind him that the mortgage would need to be repaid in 2023 and he had called it and confirmed he had investments in place to repay the balance. Due to this, Britannia had not sent him further reminders.

Mr S didn't accept Britannia's response and referred his complaint to this service. He summarised his complaint as '*No reminders for end of term then a demand for immediate redemption.*'

One of our Investigators considered the complaint, but she didn't recommend that it be upheld. She considered the information Mr S had would have meant that he was reasonably aware of when he needed to repay his mortgage. Mr S didn't agree and asked that the complaint be referred to an Ombudsman. He said the annual statements weren't clear as to the remaining term and maintained that he should have been sent reminders about the term ending.

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.

This is a BTL mortgage, taken out for investment purposes. It is unregulated, and so Britannia is not required to provide Mr S with advice or manage his investment for him. Also, as this is considered a commercial mortgage, it's up to Mr S to manage the mortgage, including being aware of the date when he is due to repay it. So I can't hold Britannia responsible for Mr S not being prepared to repay it in April 2023.

Mr S has said he considers the information about the remaining term of the mortgage on the annual statements is not clear. I have examined the statements and I don't agree. The summary section includes a header of '*Remaining term (years.mths)*'. Directly below this title is a number in the format of xx.xx, for example the 2008 statement details 14.04 – fourteen years and four months. I am satisfied this was understandable.

In relation to Mr S' view that Britannia should have sent him more reminders that the end of the term was approaching, I can understand why he would have liked this. However, quite simply, Britannia was under no obligation to do so. That said, it would be Britannia's usual process to send more reminders than it did to Mr S if it was unaware of a BTL borrower's plan for repaying the mortgage. However, three years before the end of the term, when Britannia did send Mr S a reminder that the term was due to end in April 2023, he acknowledged that fact and confirmed that he had the money in place to repay it when needed. I know that Mr S will be unlikely to agree with me, but I think it was reasonable that Britannia didn't think it needed to do anything more, as Mr S was aware of when he needed to repay the mortgage and was prepared to do so.

Whilst the mortgage isn't subject to the regulatory protections available to residential mortgage customers, Britannia is still required to treat Mr S fairly and reasonably. I am satisfied that it did so in this case.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I am required to ask Mr S to accept or reject my decision before 25 March 2024.

Derry Baxter
Ombudsman