

The complaint

This complaint is about Mr and Mrs G's mortgage account with Clydesdale Bank Plc. The complaint has been brought with the consent of both parties, but all our dealings have been with Mrs G.

Mrs G is unhappy about the customer service she received from Clydesdale in relation to a term extension and product switch on her and Mr G's mortgage account. Specifically, Mrs G believes a member of Clydesdale's staff was deceitful in not acknowledging information Mrs G had been given about her mortgage account. Mrs G says that the staff member denied her version of events, and only admitted to listening to the call when Mrs G provided the time of the call and the employee's name.

Mrs G says that if the staff member had said straight away that she was sorry and acknowledged Mrs G was being truthful, she would never have taken the matter any further. But Mrs G is disgusted that this didn't happen and believes that a suitable amount of compensation should be the total of "*overpayments*" in the two months before the new product was put in place, with a gesture of goodwill on top.

What happened

The complaint arises out of a term extension and product switch taken out by Mr and Mrs G on their mortgage account. The existing two-year fixed rate on the mortgage was coming to an end in November 2020 and Mr and Mrs G wanted to switch to a new rate to avoid being on Standard Variable Rate (SVR). Due to the short term remaining on the mortgage, they needed to extend the term to take out a new fixed rate product.

Unlike their previous product switch which Mr and Mrs G had applied for online themselves, the term extension and product switch required a full application to be made.

Mrs G initially contacted Clydesdale on 30 September 2020 to discuss changing the rate. Clydesdale emailed on 6 October 2020 asking Mr and Mrs G to book an appointment. After another call on 2 November an appointment was booked for 16 November 2020. The application was made and the offer was issued on 29 December 2020. The new rate was put in place on 8 January 2021.

Mrs G says that during the calls with Clydesdale she was told that if the new fixed rate was delayed due to Covid and the mortgage went onto the higher SVR, the difference in payment would be refunded. But the January 2021 payment was taken at SVR, and Mrs G says the February 2021 payment was also taken at SVR. Mrs G says she and Mr G are about £600 out of pocket as a result.

Mrs G complained about the payments that had been taken and said that she'd been told she'd get a refund of the difference in payment on SVR and the new fixed rate if there was a delay in putting the new fixed rate in place. However, Clydesdale said that interest had been correctly applied and no refund was due. Clydesdale noted Mrs G had contacted Clydesdale to ask generic questions about when interest rates would apply, but the bank explained that

as the mortgage rate was put in place from 8 January 2021, and interest was charged monthly in arrears, the new payment would apply from March 2021.

Mrs G also complained that the two-year fixed rate taken out in September 2018 had been mis-sold and that Clydesdale should never have allowed them to take this out. Clydesdale explained that no advice had been given about the 2018 product switch, which Mr and Mrs G had chosen themselves online. Clydesdale offered £50 for customer service issues, which Mrs G didn't accept.

Mrs G complained to the Financial Ombudsman Service. An investigator looked at what had happened. He was satisfied the 2018 product switch hadn't been mis-sold by Clydesdale. He was also satisfied that payments had been correctly applied to the account. That's because Clydesdale applies interest monthly in arrears. As a result, the December 2020 payment was based on the last payment on the two-year fixed rate which ended in November 2020. The January 2021 payment covered December's interest at SVR and the February payment was based on the interest applied in January 2021 which began at SVR. Given this, the investigator thought interest had been properly applied.

After listening to the recorded calls that were available, he found no evidence that Mrs G had been told there'd be a refund of payments in the event of a delay in putting a new product in place, due to Covid. There was no recording of the call Mrs G had with the staff member who Mrs G says accused her of lying about this.

However, the investigator thought Clydesdale could have offered an earlier appointment than 16 November 2020. He didn't think this would have made a difference in the long run, because a full application had to be made which had a timescale of 6-8 weeks. He asked Clydesdale to pay £100 compensation for this delay, which the bank agreed to do.

Mrs G didn't accept this, however. In her response, Mrs G has explained that her complaint is really now only about her disgust at Clydesdale's staff member calling her a liar without making adequate enquiries first to ascertain whether or not Mrs G was telling the truth.

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 noted that Mrs G has clarified that the only issue she's still upset about is that she feels she was being called a liar by a member of Clydesdale's staff. However, for the sake of completeness, I will deal with all the issues raised.

2018 mis-sale complaint: Mrs G says that when this product was taken out it was never made clear to her and Mr G that the mortgage would revert to SVR at the end of the two-year fixed rate. However, this product switch was undertaken by Mr and Mrs G selecting a product online, without any advice given by Clydesdale. The offer document explained clearly that at the end of the two-year fixed rate the product would revert to SVR, and also explains the total term of the mortgage.

I appreciate Mr and Mrs G were unhappy that the product reverted to SVR and that, in order to get a new product, they'd have to extend the term. However, I'm satisfied they chose the product themselves and didn't ask Clydesdale for advice about it. I don't uphold this part of the complaint.

2020/21 Term extension and product switch: The term extension required a full application to be made, as this was a material change to the mortgage. Clydesdale was

entitled to assess affordability, particularly as I note Mr and Mrs G's financial position had changed since they originally took out the mortgage. I'm satisfied the application proceeded within the timescale I'd have expected, the application having been made on 16 November 2020 and the offer issued at the end of December 2020.

Application of interest: I can understand why Mrs G was confused about the information she'd been given by Clydesdale. Mrs G was told that a new product needed to be in place before the 15th of the month for it to take effect, and I can see she made a couple of 'test' calls to Clydesdale to confirm what she'd been told. However, although that is correct, it doesn't mean that interest for that month is at the new product rate. That's because interest is charged in arrears, so if a product is put in place in January (as was the case here), then interest is applied in February in arrears (so at the previous rate – in this case SVR) and from March onwards interest is applied in arrears at the new product rate.

Looking at the interest that's been applied to Mr and Mrs G's account, I'm satisfied this is what has happened. Given this, I'm not persuaded interest has been applied incorrectly.

Customer service issues: This is really the issue Mrs G is most unhappy about. I will explain at the start that a complaint about the way a bank has dealt with a complaint isn't usually something we're able to consider. That's because complaint-handling isn't a regulated activity and so it's not covered by our rules. But in this case, this issue is intrinsically linked with the events complained about and happened contemporaneously, and so I think it's all part of the same series of events. It wouldn't be fair to separate it out and say we can't consider it.

I can see Mrs G feels very strongly that Clydesdale's staff member accused her of being untruthful, and that she did so without making proper enquiries first. The relevant call isn't available here – Clydesdale has explained that this particular line is non-recording. It's not therefore possible for me to determine exactly what was said. I think it's more likely than not, given that the bank was already satisfied interest had been correctly applied, that Clydesdale maintained that Mrs G wouldn't have been told she'd get a refund of the difference between SVR and the new fixed rate. This wasn't the bank's policy and so I can understand why the bank was insistent that Mrs G wouldn't have been told this.

I've listened to all the available calls, and I can't see that Mrs G was told she'd be refunded the difference between SVR and the new rate. In any event, as I've explained above, there was no delay by the bank in processing the application due to Covid (the reason Mrs G said she was given for refunds being made), so even if Mrs G had been told this (and there is no evidence of it either way), it wouldn't have affected the timescale for the application.

Putting things right

I think Clydesdale could have offered an earlier appointment, however, given that Mrs G first contacted the bank on 30 September 2020. The bank explained she'd need to make an appointment, but didn't follow this up, leaving it to Mrs G to contact the bank again to make the appointment. Clydesdale has acknowledged it could have done better here and has agreed to pay £100 compensation. I think this is fair and reasonable in all the circumstances. It's proportionate to the delay but, ultimately, didn't affect the timescales involved in putting in place the new product.

My final decision

My final decision is that Clydesdale Bank Plc must pay Mr and Mrs G £100 compensation in full and final settlement of this complaint. I make no other order or award.

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 correspondence about the merits of it.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G and Mrs G to accept or reject my decision before 31 March 2022.

Jan O'Leary
Ombudsman