

The complaint

Miss G complains about incorrect advice that Bank of Scotland plc (“BoS”) gave to her about combining her three mortgage sub-accounts into one.

What happened

Miss G said she was given wrong advice by BoS. She has three separate sub-accounts within her mortgage with BoS, and wanted to merge these into one, so they could all be on the same fixed interest rate. On a call with BoS on 21 June, she asked if she could merge the accounts. BoS said it would check and call her back about this.

BoS hasn’t got a recording of the call back to Miss G, but Miss G said it told her that this would be possible, she’d just have to get in touch in January 2024. But this advice was wrong. Two of Miss G’s accounts would run past this date, but one was due to end before this, in mid-2023. Miss G received a letter in July 2022, saying that she needed to pay the lump sum at the end of the term of this sub-account, in a year’s time.

Miss G then called BoS to complain, and it issued two complaint response letters. The first letter didn’t set out clearly whether Miss G could merge the sub-accounts or not. And it didn’t deal with the issues Miss G had raised about not being warned that her sub-accounts had different end dates.

Miss G then received a second letter, which said BoS was sorry that, when it told Miss G about how to align her sub-accounts, it didn’t also remind her that one of these accounts was closing earlier than the others. She would need to speak to BoS before the term of that sub account ended, to discuss whether it could be extended. BoS apologised, and paid Miss G £20 in compensation.

Miss G said this compensation amount didn’t reflect the impact this had on her. She told us about her health and her family circumstances. She wanted us to look into this for her.

Our investigator thought this complaint should be upheld. She said although there is no call recording of BoS misadvising Miss G, the call notes suggest she was told that she could merge the three sub accounts, but would need to wait until the fixed interest rate deals on two of the sub-accounts ended, in January 2024. So Miss G thought she didn’t have to do anything until January 2024.

Our investigator said when Miss G contacted BoS later, it couldn’t clarify things over the phone, and the two letters she then received confused things further. Our investigator said that as she understood it, Miss G would never have been able to merge her sub-accounts, so she was given wrong information in June 2022. And she wasn’t reminded that one of the sub-accounts would expire before the date when BoS told her to ring back. Our investigator thought that BoS should pay Miss G a total of £150 in compensation.

BoS accepted it had wrongly raised Miss G’s expectations on her call in June 2022, and then hadn’t responded fully when it replied to her complaint. BoS said that if Miss G did extend

the mortgage term on the shortest sub account, whilst she couldn't merge all three accounts, she could align them in 2024.

BoS said it would pay a total of £150, as our investigator had suggested. It said £20 has already been paid, so it would pay Miss G £130 more.

At first, Miss G accepted this, but then replied again to say she didn't think this reflected the time she'd spent on the phone, and the impact this had on her and her family. Our investigator didn't change her mind, so this case then came to me for a final decision.

BoS then made us aware that Miss G had written to it, to ask it to extend the fixed interest rate deal on her largest sub-account by around four and a half years, as a way of resolving her complaint. BoS said it had understood our service was dealing with this issue, and our investigator confirmed that we were. But because Miss G appeared to be concerned about her fixed rate ending in 2024, BoS said it would contact her to discuss this.

I then reached my final decision on this 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.

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

It does seem likely that there has been some confusion, in the advice given to Miss G. I'm not clear whether Miss G was told on her June 2022 call back, that she could merge her three accounts (which BoS says isn't possible) rather than align them (which BoS says is possible – subject to an extension to the term of one of her sub-accounts). The notes BoS made of the call suggest she was told she could align these accounts rather than merge them.

But I don't think that makes a difference here. That's because, on either analysis, Miss G shouldn't have been told that she could bring three accounts onto the same interest rate in January 2024, when one of those accounts was due to end in July 2023. So I agree that this represents poor service to Miss G. And I note that the confusion on this call doesn't appear to have been fully resolved by either of the complaint response letters Miss G then received.

For those reasons, I do think that BoS should pay Miss G some more compensation, in addition to the £20 it has already paid. But I don't think BoS has to extend the current fixed interest rate deal on Miss G's largest sub-account by some years, in order to provide a fair and reasonable outcome to this complaint. I think that the suggestion our investigator made, of a further payment of £130 in addition to the £20 already paid, does provide a fair and reasonable outcome to this complaint. So that's what I'll now award.

My final decision

My final decision is that Bank of Scotland plc must pay Miss G a further £130 in compensation, in addition to the £20 it has already paid.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss G to accept or reject my decision before 30 December 2022.

Esther Absalom-Gough
Ombudsman