

The complaint

Miss G complains that after she re-mortgaged with Accord Mortgages Limited it asked her to make an additional interest payment that she hadn't been told about. She's also unhappy that she had to pay an early repayment charge.

What happened

Miss G re-mortgaged with Accord in 2022. She expected to make monthly payments as set out in her contract. She says she wasn't told she'd have to make an additional interest payment in the first month.

Our investigator said the mortgage offer sent to Miss G says an additional interest payment is required 14 days after completion and that details of the payment will be sent to her. Our investigator said Accord's offer of £65 for poor communication when Miss G called was fair.

Miss G had also complained about her previous lender applying an ERC when she re-mortgaged within the same group. Our investigator said it wasn't fair to require Accord to refund this.

Miss G said she was unhappy and wanted to take matters further.

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.

Accord sent a mortgage offer to Miss G in June 2022. The mortgage offer set out her usual monthly payments. But when Accord issued the mortgage offer it didn't know exactly when the mortgage would complete. The offer was valid until the end of August 2022, and so the mortgage could complete at any time in this period.

Miss G's mortgage completed on 22 July 2022. Accord wrote to Miss G on 26 July 2022 saying she needed to make two payments in August 2022. Her usual monthly payment (which included interest from 1 August 2022) and an additional payment of about £76. The additional payment was for the interest accrued from completion to the end of July 2022.

Miss G says she expected to pay interest from the first of the month, as set out in her contract. She says the contract didn't say she'd have to pay additional interest. I think the mortgage offer did say this.

The mortgage offer says payment calculations assume the mortgage would complete on 1 July 2022. Miss G would have known the mortgage didn't complete on 1 July 2022. The mortgage offer also says Accord will write to confirm the actual monthly payments once the mortgage has completed. It says interest will be charged daily.

In the part of the mortgage offer headed "what happens next?" it says interest will be charged from the date funds are sent to the solicitor. It says interest will accrue between completion and the end of the month which wouldn't be collected by the monthly payment.

The mortgage offer says this initial interest must be paid within 14 days of completion. It says Accord will write with details of the initial interest payment, the monthly payments and the dates these are due shortly after completion.

I think it was fair for Accord to apply interest from when it sent funds to the solicitor. I think this was consistent with the mortgage offer. And I think Accord wrote to Miss G promptly after completion to tell her what payments were due in August 2022.

Miss G called Accord when she received the letter setting out the payments, as she hadn't expected to pay the initial interest. I've listened to the call recordings. Accord said it gave Miss G conflicting information when she called and this caused confusion. Accord offered £65 for this. I think in the circumstances that's fair and reasonable. Accord gave correct information about the initial interest later in the call and in the final response letter sent in early August 2022.

Miss G is unhappy that her previous lender applied an early repayment charge when she re-mortgaged. Accord is in the same business group as Miss G's previous lender and it seems Miss G thought this would mean the ERC wouldn't be applied. I haven't seen anything to persuade me that it would be fair and reasonable to require Accord to compensate Miss G for a payment she made to another lender.

I should make it clear that I'm only looking into Miss G's complaint about Accord here. I can't look into or make any findings relating to any concerns she has about her previous lender, which is a different business.

My final decision

My decision is that Accord Mortgages Limited should pay £65 to Miss G, if it hasn't already done so.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss G to accept or reject my decision before 2 February 2023.

Ruth Stevenson
Ombudsman