

The complaint

This complaint is about a mortgage Mr S holds with Bank of Scotland plc trading as Intelligent Finance (IF). The mortgage in question has a feature that allows credit balances in separate savings accounts to be offset against the mortgage balance for calculating interest. Mr S is unhappy at the way IF operates the offsetting feature and says he can't reconcile the account from the information on his statements.

What happened

The broad circumstances of this complaint are known to Mr S and IF. I'm also aware that the investigator issued a response to the complaint, a copy of which has been sent to all parties, and so I don't need to repeat all the details here. Our decisions are published, and it's important that I don't include any information that might result in Mr S being identified.

Instead I'll give a brief summary in my own words and then focus on giving the reasons for my decision. If I don't mention something, it won't be because I've ignored it. It'll be because I didn't think it was material to the outcome of the complaint.

IF issued a final response to the complaint in August 2022; it explained why the account operated as it does. When the case came to us, our investigator didn't recommend the complaint be upheld. Mr S asked for the complaint to be reviewed by an ombudsman.

What I've decided – and why

I'll start with some general observations. We're not the regulator of financial businesses, and we don't "police" their internal processes or how they operate generally. That's the job of the Financial Conduct Authority (FCA). We deal with individual disputes between businesses and their customers. In doing that, we don't replicate the work of the courts.

We're impartial, and we don't take either side's instructions on how we investigate a complaint. We conduct our investigations and reach our conclusions without interference from anyone else. But in doing so, we have to work within the rules of the ombudsman service, and the remit those rules give us.

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, these are my conclusions, and the reasons for them.

Clearly, IF's way of doing things aren't to Mr S' liking, and apparently don't equate to the way other lenders he's used in the past operate. But having no regulatory function means it's not open to me to tell IF how to set up and administer the offsetting feature of its mortgages; even if that means that a mortgage that is interest-only occasionally experiences minor fluctuations in the balance. I also have no power to tell the business to present the specific information in the account statements that Mr S has said should be there.

I appreciate Mr S is frustrated at not being able to satisfy himself that his mortgage is operating correctly. But not being sure if things are correct isn't the same as having good reason, supported by hard evidence, to believe they are incorrect; and Mr S hasn't provided any substantive independent evidence as to why he thinks his mortgage is operating to his detriment.

But that doesn't mean Mr S has to take IF's word that everything is correct. If Mr S has a real and substantive belief (based on something other than his frustration at not being able to verify things himself) that his account isn't right, it is open to him to arrange for the account to be audited by a suitably qualified and independent party.

The evidence of the audit could then be used as the basis for a new complaint, but not as the basis for this one to be reopened. I make the latter point because IF would need to be presented with the finished audit first, and be given the opportunity to consider and respond to it.

Mr S would have to meet the cost of the audit, albeit if errors were found that were to his detriment, we would then expect IF to reimburse any reasonable cost of the audit as well as taking any corrective action the audit revealed to be necessary. But as things stand, the available evidence doesn't give me reason to think that IF's operation of Mr S' mortgage account is inaccurate and/or causing him financial detriment.

My final decision

I don't uphold this complaint. My final decision concludes this service's consideration of this complaint, which means I'll not be engaging in any further discussion of the merits of it.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 9 August 2023.

Jeff Parrington

Ombudsman