

The complaint

Mr and Mrs S complain that when they remortgaged their Buy To Let (“BTL”) property with Belmont Green Finance Limited trading as Vida Homeloans (“Vida”) it delayed the new mortgage so it could charge more. Mr S also complained about how Vida treated him.

What happened

Mr S told us he and Mrs S own a number of BTL properties. This complaint concerns just one of these, which Mr S tried to remortgage with Vida, in August 2022. Whilst this complaint is brought by both Mr and Mrs S, as the mortgage is in both their names, our dealings have been with Mr S. So I’ll mainly refer to him in this decision.

Mr S told us the fixed rate on this mortgage was expiring on 16 August 2022, but although Vida claimed to have written to him on 2 May and 1 August 2022 about this, he hadn’t got either of these letters. He said he only found out about the expiry when he asked.

Mr S said he was told he could apply to remortgage online himself, if he wanted to. Mr S said he logged on to the portal, and tried to remortgage on 15 August. But he told Vida the portal wasn’t working. He asked his broker to help, but he wasn’t able to assist Mr S, as Mr S had already started an application. Vida’s system won’t allow two applications at the same time.

Mr S did manage to make the product transfer on 18 August. But then he was very upset that this wouldn’t take effect until the start of October. He said a product transfer like this should only take a few days, or a week at the most. And in the meantime, he was left paying the lender’s standard variable rate (“SVR”) which meant monthly payments of considerably more than those under his old fixed rate. Mr S wanted Vida to pay back the extra money he’d paid, which he said was £874.22. Mr S said this was a scam, he’d been cheated, and it was causing him financial hardship. He said the Vida portal often didn’t work.

Vida said it had written to Mr S about the rate change on 2 May 2022. It showed us the letter it sent, saying his fixed interest rate would end on 16 August. And it said it wrote to him again on 1 August. That letter tells Mr S what the new interest rate will be, from 17 August.

Vida told us Mr S had said he’d tried to switch rates online, using the portal on 10 August, but the portal wasn’t working. He had told Vida he’d tried again on 15 August, after it spoke to him on the phone. He hadn’t received any confirmation of the switch, and thought this was a problem with Vida’s portal too.

Vida said Mr S then managed to complete the switch on 18 August, and did get confirmation, but complained about how long it would be before this switch took effect, meaning he’d be asked to pay much more for September’s mortgage payment. Vida said Mr S had also alleged that one of its agents was racist to him on a call he made to complain about this.

Vida felt it had given Mr S sufficient warning of the upcoming change in interest rates, by writing to him in May and August. It said the second letter it sent to Mr S about the upcoming increase in his mortgage payments did tell him how to switch to a new fixed interest rate, if

he wanted to do that. Vida said it could see that Mr S had accessed the product switch portal on 15 August, but hadn't completed the process, because no offer letter was generated.

Vida said it had checked, and there were no problems with customers accessing the portal on either 10 or 15 August, the two days Mr S said he'd tried unsuccessfully to switch. Vida said it wouldn't have expected Mr S's broker to be able to help him, after Mr S had started an application. Only one live application can be made at a time.

Vida said when Mr S got confirmation of the new rate, that documentation explained the rate wouldn't take effect until 1 October 2022. Mr S hadn't paid the right amount for September, and Vida wanted Mr S to get in touch about the shortfall.

Vida said it had listened to the call Mr S had with an agent on 18 August. Vida said it noted Mr S was upset by the information provided to him, but it said it couldn't agree the agent was racist, or provided him with incorrect information about the switch. It said the service provided to Mr S had fallen short, because it would have expected Mr S to be offered a call back by a manager during this call. It offered Mr S £50 to say sorry for that, which it pointed out he had accepted, in full and final settlement of his complaint.

Our investigator didn't think this complaint should be upheld. He thought Vida had written to Mr S on the two dates it claimed. He said the letters were correctly addressed, so he didn't know why they hadn't arrived. But he noted Mr S had also spoken to Vida at the start of August, so was aware of when the fixed rate was going to expire.

Our investigator said Mr S had tried to agree a new deal on 10 and 15 August 2022. Our investigator thought that the portal was working on these days. And he said Vida had explained that Mr S's broker wouldn't be able to help him with the application, as he already had one application in progress. Our investigator said emails from Mr S's broker supported what Vida had said about this.

Our investigator said, whilst he could understand Mr S would want the first payment under his new fixed rate to be for September, Vida has shown us that all its product switches occur on the first of the month. And any change to a new product takes ten working days. So Mr S would have had to switch on or before 17 August, if he wanted his new rate to start in September. He didn't switch until 18 August. Our investigator sympathised with the increased cost Mr S incurred but he couldn't say Vida caused delays or made any errors.

Our investigator said he'd listened to the call on 18 August. Whilst he didn't think the adviser said anything wrong, he did think she was quick to dismiss any further help via a manager when Mr S asked for this. Vida had acknowledged this with an offer of £50 compensation. Our investigator said this was a fair and reasonable offer to resolve the service element of this complaint.

Mr S replied to disagree. He felt our investigator had sided with Vida. He wanted someone else to look into his complaint.

Mr S said this wasn't his first time dealing with mortgage product transfers and he hadn't known any previous lenders to take two months to carry out a product transfer. He said it should take one to two weeks maximum, but our service was trying to convince him it was normal for Vida to take two months, and charge him an exorbitant rate in between. Mr S said that was immoral and unfair, and it was destroying his business.

This complaint was then passed to me for a final decision.

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 on this complaint as our investigator.

Mr S has complained about the service he received from our investigator, but I understand he has received a separate response from our service on that. And it wouldn't be appropriate for me to comment on that here. This decision deals only with Mr S's complaint against Vida.

I have asked Vida further questions about its online portal, and any issues which might have been experienced by other customers around the times Mr S said he tried to switch his rate. I'm satisfied that the portal wasn't down at these times. I also note that a call Mr S had with Vida on 15 August showed he was already aware that his old, fixed interest rate would end on 16 August. Mr S may have been considering remortgaging elsewhere, as he'd asked Vida for a redemption statement for this mortgage on 8 August.

Because the portal does appear to have been working, and because Mr S was aware of when his fixed interest rate was coming to an end well before it did so, I don't think Vida is responsible for Mr S not switching his BTL mortgage until 18 August.

Mr S was then very upset to find that the change he wanted to make wouldn't be implemented until 1 October. The additional interest due from 17 August to 31 August would be added to his mortgage, unless he chose to pay it. But Vida asked Mr S to pay its SVR in September, which was considerably more than Mr S had been paying.

I've seen Vida's online switching portal, and I note that it is clear that existing customers can switch up to six months before an existing deal comes to an end. The overview of the application process explains that all product switches take effect on the 1st of the month. And there's a link on this page to "FAQs" which explains when a product switch will happen. That says this –

When will my product switch happen?

All product switches occur on the 1st of the month. To have time to process your switch request we need to have received your offer acceptance 10 working days before the end of the month.

So it appears that Vida would usually expect its customers to apply for a product switch well in advance of the end of their existing deal. And I note that it did first write to Mr S about his old product ending on 2 May, which was some months before the old rate was due to end.

I know Mr S has been very unhappy with how long it took Vida to put his new rate onto this BTL mortgage. I understand the point he's made, that other mortgage lenders are able to do this faster. However, our service isn't able to require all mortgage providers to come up to the highest standards which are demonstrated in the industry. Rather, I'm only able to act here if I think that what has happened is unfair or unreasonable. I can't ask Vida to change the outcome just because other lenders might have done better in these circumstances.

And here, I don't think it's unfair or unreasonable for Vida to have taken some time to implement the changes to Mr S's mortgage, particularly as it would have allowed Mr S to reserve a rate up to six months in advance, and did act to remind him of upcoming changes to his fixed rate well in advance of the change. I can also see it has treated him entirely in line with its published guidance on mortgage switching, so just as I would have expected it to

treat any customer in this same situation. I don't think it would be fair and reasonable in this case for me to ask Vida to refund interest it has charged.

Mr S also told Vida that he felt his treatment, on a call with Vida, was racist. I've taken on board what Mr S has explained, but it's important that I explain our Service doesn't have the power to make a finding on whether an act amounts to discrimination under the Equality Act 2010. That is something only the Courts can do. However, we can make a finding on whether Mr S was treated fairly, and when doing so, we consider relevant rules and legislation alongside the circumstances of the case.

I've listened to the relevant call, and while I acknowledge Mr S' strength of feeling on the matter, I can't agree the handling of this call warrants a higher award than Vida has already offered.

I understand Mr S was already upset about how long the new interest rate would take to be placed his account, and I can hear that it took some time for the agent to work out what Mr S's concerns were. So, I can understand why he found parts of this conversation frustrating. However, once the agent did grasp Mr S's concerns, she said she wasn't able to change the date when his new fixed rate mortgage would take effect, and could only log a complaint for Mr S. I know Mr S found this unhelpful, but I think she responded in this way because, as I've concluded above, Mr S's mortgage switch had been implemented entirely in line with Vida's published guidance on switching.

I can see that in its complaint response letter to Mr S, Vida said it felt that its service on this call wasn't up to the standard it would expect, and in particular said it would have expected Mr S to be offered a call with a manager. So Vida offered an award of £50, which I do think provides a fair and reasonable outcome to this part of Mr S's complaint. I think it's likely that this has already been paid to Mr S, as Vida showed he had accepted its offer. But I'll require Vida to pay this money now, if it hasn't already done so.

While the customer service on this call may not have been ideal, and this may have increased Mr S's existing dissatisfaction with Vida, I think it's more likely than not that this was a misunderstanding by the call agent. So I won't ask Vida to increase its award here.

I know that Mr S will be very disappointed with my decision in this case, but I don't think Vida has been unfair or unreasonable. And I haven't been able to agree that its agent treated Mr S differently, based on his race. For those reasons, I don't propose to uphold this complaint.

My final decision

My final decision is that Belmont Green Finance Limited trading as Vida Homeloans must pay Mr and Mrs S £50 in compensation, unless it has already done so.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs S and Mr S to accept or reject my decision before 8 September 2023.

Esther Absalom-Gough

Ombudsman