

## **The complaint**

Mr H complains about the high interest rate applied to his buy to let mortgage with The Mortgage Works (UK) Plc. He wants a fair interest rate while he sells the property. He says TMW didn't offer support despite knowing about his mental health issues.

## **What happened**

Mr H's fixed interest rate product was due to expire at the end of May 2022. He contacted TMW in April 2022 and it sent an offer for a five-year product. Mr H didn't take out the product as he'd decided to sell the property.

Mr H contacted TMW in July 2022 as he was struggling with the monthly payments which increased significantly after his product ended. TMW says it told Mr H all available interest rate products have an early repayment charge (ERC) and the shortest term it could offer was a one-year product.

Mr H says he was told the shortest term product available to him was two years. He says TMW didn't tell him until late 2022 that a one-year product was available. Mr H says TMW's support team offered no help. He says TMW failed to respond to his complaint for several months, increasing his stress and financial loss. Mr H took out a one-year product in December 2022.

TMW says Mr H didn't tell it about his mental health problems until mid-October 2022. It accepts that it should have recorded Mr H's complaint about the standard mortgage rate in July 2022, and responded more quickly when he complained again in October 2022. It offered £200 compensation for this.

Our investigator said TMW should pay compensation of £500 (in total) to recognise the effect of its delays on Mr H due to his mental health issues. TMW agreed. Mr H didn't agree.

## **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.

Where the evidence is incomplete, inconclusive or contradictory, I reach my decision on the balance of probabilities – in other words, what I consider is most likely to have happened in light of the available evidence and the wider circumstances.

Mr H provided evidence of his mental health issues to us. I'm sorry for everything he's dealing with.

Mr H contacted TMW in January 2022. He said he was looking to sell the property and asked whether there was an ERC. TMW said his product would end on 31 May 2022. After this he'd be on the standard mortgage rate and they'd be no ERC.

Mr H contacted TMW in April to discuss taking out a new product. TMW sent a product offer for a five-year fixed interest rate product. Mr H told TMW he wouldn't take out the product as

he'd decided to sell the property.

Mr H's fixed rate product expired at the end of May 2022. TMW applied its standard mortgage rate after this, in accordance with the terms and conditions of Mr H's mortgage.

Mr H called TMW in early July 2022 to complain about his monthly payments going up. TMW said his product had expired and he was on the standard mortgage rate. It said he could take out a new product. Mr H said he was selling the property and didn't want to be tied in. TMW said all products had early repayment charges and the shortest term it could offer was one year. I understand Mr H's recollection of this discussion is different. But I've listened carefully to a recording of this call and TMW told him a one-year product was available.

Mr H called TMW at the end of September 2022 to complain about increases in the interest rate and his monthly payments, which he was struggling with. TMW said Mr H could take out a new product and the shortest terms were for one or possibly two years. Mr H made another complaint in October 2022.

Mr H says when he was finally offered a one-year deal this came with an arrangement fee of almost £7,000. He decided to take out the product.

Mr H has said that his main complaint is about the way TMW dealt with his complaint. Mr H said each month that TMW failed to respond to his complaint he was taking a financial hit. Interest rates increased between mid and late 2022. Mr H's monthly payments increased from about £450 to about £1,500 in June 2022 and up to about £2,000 in December 2022.

I should say that complaint handling isn't itself a regulated activity, which means it's not something we can always look into. I can look into how a complaint was dealt with if it impacted on the underlying problem being sorted out.

TMW says it should have treated Mr H's call in July 2022 as a complaint. TMW provided a final response to Mr H's complaints in December 2022. However, I don't think this delay is the cause of Mr H's increased mortgage costs.

Mr H's monthly payments increased because his product expired, leaving him on the standard mortgage rate at a time when interest rates were increasing. Mr H told TMW he hoped to sell the property, but the sale had fallen through. Pending the sale, the property wasn't tenanted. This unfortunate set of circumstances meant Mr H had larger monthly mortgage payments without rental income. This wasn't due to an error by TMW.

Mr H says he wanted to be offered a fair and decent rate. Mr H did have the option to take out a new product, choosing from the range of products offered by TMW to its customers.

Mr H had to decide whether to take out a new product and risk paying an ERC if the property was sold or continue with the higher monthly payments. No doubt this was a difficult decision. I need to bear in mind that letting property is a business, and TMW was entitled to expect Mr H to make what is effectively a business decision. The information TMW gave Mr H in July 2022 was correct. It said he could access a lower rate by taking out a new product, and the shortest available term was one year. Mr H didn't have to wait for the outcome of his complaint before deciding what to do.

I don't think the delay in TMW responding to Mr H's complaint caused him financial loss. But it did add to his anxiety and stress. TMW failed to record Mr H's call in July 2022 as a complaint, and it took too long to respond when it did record a complaint. TMW was aware of Mr H's mental health problems by mid-October 2022. This doesn't mean that TMW had to offer Mr H a lower interest rate – as I said letting property is a business. But once aware of

Mr H's mental health issues, TMW ought to have considered the effect on him of any significant delays in responding to his complaints. TMW agreed to pay £500 compensation for the distress this caused. I think this is fair and reasonable in the circumstances.

### **My final decision**

My decision is that The Mortgage Works (UK) Plc should pay £500 (in total) to Mr H. It can deduct any amount already paid.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 27 June 2023.

Ruth Stevenson  
**Ombudsman**