

The complaint

Mrs F says that Bank of Scotland plc trading as Birmingham Midshires gave her misleading information in a call in March 2022. She says that if she'd been given the same information then as she was later given in October 2022 then she would have applied for a new interest rate product much sooner.

What happened

Mrs F had a mortgage with Birmingham Midshires. The outstanding balance was around £193,000 and it was held on an interest-only basis on an interest rate that tracked 1.99% above Bank of England base rate.

On 4 March 2022 Mrs F phoned Birmingham Midshires. She said she had an interest only mortgage with Birmingham Midshires and wanted to know if any other products were available such as a fixed rate. The call handler said Birmingham Midshires no longer offered residential mortgages so a simple rate switch couldn't be done. Instead the options were an internal remortgage to one of the other brands within the banking group, or Mrs F could remortgage elsewhere entirely.

Mrs F called Birmingham Midshires again on 19 October 2022 to ask what Birmingham Midshires was doing now with people that are struggling with mortgage rates going up. The call handler said that Birmingham Midshires doesn't offer new rates, but the mortgage could be rebranded as Bank of Scotland. He said evidence of income wouldn't be needed, and there would be no credit check and it was just switching from one brand to another.

An appointment was booked for 27 October 2022. In that call the adviser went through a full advised mortgage application process with Mrs F. A follow up call was arranged and an application was made for a new fixed rate product.

Bank of Scotland issued a mortgage offer on 10 November 2022 for a mortgage on a fixed interest rate of 4.41% until 31 January 2028.

As Mrs F had a second charge with another lender Bank of Scotland needed to contact that company for its permission to register as the new first charge mortgage lender in place of Birmingham Midshires. Bank of Scotland was unable to obtain that permission so, as an exception so Mrs F could still obtain a new interest rate product, it kept Mrs F's mortgage with Birmingham Midshires and put the new rate on her existing mortgage account instead.

The new product went live on Mrs F's account from 1 February 2023, and it was backdated to January 2023.

In the meantime Mrs F had complained to Birmingham Midshires about the information she'd been given in March 2022. There was correspondence back and forth between the parties, but in summary Birmingham Midshires said that the information given on 19 October 2022 was wrong and it offered £100 compensation for that and for a delay in responding to Mrs F's letter.

Mrs F didn't agree, saying the application was as easy as she was told it would be in October 2022 and so she believed it was the March 2022 call that was misleading. She said she wanted the rate she could have obtained in March 2022, or compensation for the difference between that rate and the rate she obtained in October 2022.

Our Investigator didn't uphold the complaint as he didn't think Birmingham Midshires had given Mrs F unclear or misleading information in March 2022.

Mrs F didn't agree and so it was passed to me to decide.

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 listened very carefully to all three calls Mrs W has provided and considered what both sides have said. Although I've read and considered the whole file I'll keep my comments to what I think is relevant. If I don't comment on any specific point it's not because I've not considered it but because I don't think I need to comment on it in order to reach the right outcome.

I understand Mrs F feels the information given on 19 October was right and the information given on 4 March was wrong, but I don't agree.

On 4 March the call handler was only giving general information as she hadn't accessed Mrs F's individual mortgage account. The call only lasted a few minutes and the information the call handler gave was factually correct. She said it would be a full mortgage application with income and expenditure checks and legal work would be needed. That was correct and that is the process that was followed.

Whilst the call handler on 19 October said it was just a rebrand and a credit check wouldn't be needed, as it was literally just switching from one brand to another, that wasn't correct. Instead Bank of Scotland would need to take Mrs F through a full mortgage application, including taking detailed information about her income and credit commitments and running a credit check.

The third call was on 27 October and that lasted one and a half hours. It was a full mortgage application call and a great deal of time was spent going through Mrs F's income and credit commitments, with the adviser being unable to continue until those were declared in full. In that call the adviser also checked with Mrs F that she was happy for a credit search to be completed, which Mrs F confirmed she was. Despite the call lasting an hour and a half the application wasn't completed in that time, with a further call being arranged for the following day.

Whilst Mrs F knew it didn't matter if she didn't pass all the checks because Bank of Scotland was going to give her the rate anyway, that's not the same as saying the checks weren't done. They were done, just as the call handler said would happen in the March call.

At the start of the call on 27 October the adviser asked if she was right in saying Mrs F was looking to review the interest rate on her mortgage, to which Mrs F replied:

"Well the thing is, my partner is a financial adviser and he has said to me you won't get a better interest rate than you've already got. And, with everything that's going on, he's kind of got his own opinions on the situation. But needless to say it's my due diligence to get out there and double check I'm not missing something. I don't want to spend hours on the

phone if it's a case of you can pay an extra £500 a month and I can freeze it in so really it's just what products are out there. [Mrs F's partner] has actually said if its competitive to patch him into the call so that he can actually understand what's going on as well."

And;

"After the conversation I had with [Mrs F's partner] yesterday I'm not expecting it to be fruitful to be honest with you."

In the call in March 2022 Mrs F conferred with her partner briefly, before thanking the call handler for their help and saying a box had been ticked. Whilst the part of the call where Mrs F is speaking to her partner isn't entirely clear, it seems like she asks him if there are any more questions she should ask, and he works out her mortgage interest rate is increasing to 2.49% and doesn't seem to have anything further he thinks Mrs F needed to ask.

Mrs F has said:

"I strongly feel that the reason for my call was not addressed efficiently during my March 22 call. I clearly state at the end of the call 'So there is nothing I can do?'. This line should have clearly told the advisor that I had not understood her explanation and if I'd made that same statement in October, the advisor would have corrected me. I feel it was not 'my job' to ask the right questions."

But Mrs F didn't say that at the end of the call, she said:

"... I am on a good rate, but with all these ones going up, you know when you think if there was something to freeze it, it would have been worth thinking about. But in view of the fact that there isn't then ... no, I'm going to keep my head down and be grateful for what I've got"

As this was only a three-minute call, the call handler had already given an explanation of the internal remortgage process and Mrs F had conferred with her partner during the call, there would be no reason for the call handler to think Mrs F hadn't understood the explanation from the comment I've quoted above. Instead, I don't think it was unreasonable for the call handler to think that whilst Mrs F might have proceeded with a simple rate switch had that been available with Birmingham Midshires, she didn't want to go through the internal remortgage process as she was happy enough with the rate she was on.

Earlier in the call, immediately after the call handler explained the only options for Mrs F to obtain a fixed rate product were an internal remortgage, or a remortgage to a different lender, Mrs F had said *"Right so it's quite limited really isn't it?"* To which the call handler confirmed that whilst Birmingham Midshires continued to service the existing residential mortgages, it couldn't do rate switches. Again I don't think the call handler did anything wrong here as the options *were* limited; they were an internal remortgage, or an external remortgage.

Having listened to that call in its entirety many times I'm satisfied that the explanation given by the call handler about the specialist internal remortgage process was factually correct and tied in with what actually took place. The adviser, on 27 October, did complete a full mortgage application, taking detailed information about Mrs F's income and credit commitments, to the extent that Mrs F was searching through her paperwork, and signed up to an online account with a credit reference agency, so she could answer the questions in the level of detail required.

For all the reasons given I'm satisfied Mrs F wasn't given inaccurate and misleading information in the call in March 2022.

Birmingham Midshires offered to pay £100 compensation for the fact the call handler downplayed the specialist remortgage process in the call of 19 October and the delay in responding to a letter from Mrs F about the complaint.

Having considered everything I think that is a fair offer as I agree with Birmingham Midshires that the call handler on 19 October didn't explain the process correctly, implying it would simply be a rebrand rather than a full remortgage application with an income and expenditure assessment and credit search. I also agree there were delays in responding to Mrs F. I understand Mrs F feels more should be paid, but as I'm not upholding the main thrust of her complaint I can't consider those issues and, having considered everything very carefully I'm satisfied £100 compensation is fair and reasonable.

My final decision

Bank of Scotland plc trading as Birmingham Midshires has already made an offer to pay £100 to settle the complaint and I think this offer is fair in all the circumstances.

So my decision is that Bank of Scotland plc trading as Birmingham Midshires should pay £100.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs F to accept or reject my decision before 12 March 2024.

Julia Meadows
Ombudsman