

## The complaint

Mr B and Ms O have complained that Accord Mortgages Limited trading as Accord Mortgages will not allow them to cancel a mortgage interest rate product they took out on their mortgage.

Ms O has consented to the complaint being brought, but the complaint has been dealt with throughout by Mr B, both with Accord and with our service.

## What happened

I do not need to set out the full background to the complaint. This is because the history of the matter is set out in the correspondence between the parties and our service, so there is no need for me to repeat the details here. In addition, our decisions are published, so it's important I don't include any information that might lead to Mr B and Ms O being identified. So for these reasons, I will instead concentrate on giving a brief summary of the complaint, followed by the reasons for my decision. If I don't mention something, it won't be because I've ignored it; rather, it'll be because I didn't think it was material to the outcome of the complaint.

Mr B and Ms O have a mortgage with Accord. The mortgage was on an interest rate product that was due to come to an end on 31 March 2022. On 31 December 2021 Mr B went online and selected a new product.

The product transfer offer says:

*The interest rate charged on your loan will be as follows:*

*A variable rate which is 3.22% below Standard Variable Rate [SVR], currently 4.49%, giving a current rate payable of 1.27% until this ends on 30 April 2024. The variable rate will not go below a floor of 0.0%.*

It was Accord's practice to calculate monthly repayments on an annual basis, reviewing them on 31 December each year, with the new amended payment taking effect from the following March. This would ensure that borrowers would have fixed monthly repayments over any 12-month period, allowing them to budget.

On 31 December 2021, after taking out the new interest rate product, Mr B contacted Accord, and had several calls with different staff members. He wanted to discuss a term reduction. He was told that a term reduction would require an assessment of affordability. However, because Mr B had already selected a new product to start on 1 April 2022, it wasn't possible at that point to carry out a term reduction; he could either cancel the new product and apply to reduce the term, or wait until after April 2022, and apply at that point for a term reduction.

Mr B asked if the new product he'd chosen was a fixed rate and was told (incorrectly) that it was a fixed rate, rather than a discounted variable rate. But Mr B was also told on another call with a different staff member that it was a variable rate.

The contact notes show that on 6 and 7 January 2022 Mr B spoke to Accord about borrowing extra funds – an additional £8,000 which he said was for a wedding. He was told to call back after the new product took effect on 1 April 2022.

On 1 April 2022 Mr B spoke to Accord again, this time saying he wanted £8,000 to pay for a new driveway. Mr B said that he wasn't aware that his interest rate might change during the two-year period. Accord explained that it was a fixed discount, but if SVR changed, the interest rate would also change.

Mr B complained to Accord. He said that he'd wanted a different mortgage from the one he'd asked for. He wanted a fixed rate, not a fixed discount rate. He wanted Accord to fix this for him and backdate the mortgage to 1 April 2022. The complaint wasn't upheld. Accord explained that, because Mr B had chosen the rate online without taking any advice, there was no error on the part of Accord. It therefore wasn't possible for Accord to cancel the interest rate product.

Unhappy with Accord's response, Mr B complained to our service. An Investigator looked at what had happened, but didn't think Accord was at fault. This was because Mr B had selected the product himself, and the offer explained that, once it had been accepted, it was a binding offer.

Mr B didn't agree with the Investigator and asked for an ombudsman to review the complaint. Mr B said that the product had been mis-sold to him. He said that Accord should have more of a duty of care to its customers. Mr B said that taking out the new product was a mistake on his part, and he should have read things better. Mr B says that on all the phone calls he had with Accord, they could have *"stepped in to do something"*.

Mr B also said that Accord had never told him that he could come out of the product by paying an early repayment charge (ERC). Mr B says that, when he told Accord the product wasn't affordable, this was *"still in the very early period, what I would have said a cooling off period"*, but they didn't offer him any support.

### **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.

**Mis-sale of the product:** Mr B says that the new interest rate product he and Ms O took out on 31 December 2021 was mis-sold to him by Accord. However, Mr B selected the product online, with no advice or input from Accord. I'm satisfied that the details of the interest rate (set out above) are clear in that Mr B has chosen a variable rate. I'm also satisfied that the product transfer offer sets out clearly the amount of any ERC if Mr B and Ms O exit the product before 30 April 2024.

In the circumstances, because Mr B chose the product himself, I'm satisfied that it was not mis-sold by Accord.

**Lack of support:** Mr B says that, once he realised the product was at a variable rate of interest, he wanted to cancel it. Mr B says that this was in early April, when he thought he was still in a *"cooling off period"*. However, there was no cooling off period, because the offer became binding after Mr B and Ms O accepted it on 31 December 2021.

As I said above, the monthly repayments *are* fixed (at least for twelve months at a time) because Accord reviews the account on an annual basis each December and then set the

monthly payments for the next year to take effect from the following March. So it is correct that the monthly repayments were fixed, albeit they were calculated against a variable rate of interest.

Mr B says that he was never told that he could exit the product if he paid the ERC. However, the final response letter dated 18 May 2022 says “... *if you do wish to exit the fixed rate deal there will be ERCs applicable*”. So I’m satisfied that Mr B knew within a few weeks of the new product starting that he could have exited the product and switched to another rate that was more to his liking, if he’d paid the ERC.

Before the new interest rate product took effect, Mr B and Ms O were paying £407.16 on their old interest rate product which expired on 31 March 2022. Their repayments went down after that but from 1 March 2023 they have been £460.85. The account transaction history shows no missed payments, and so it doesn’t appear that the increase in payments of £53 per month from the payments they were making throughout 2021 has been unaffordable. The contact notes don’t show any requests for forbearance from Mr B and Ms O.

Overall, whilst I acknowledge Mr B’s strength of feeling, I’m unable to find Accord has acted unfairly or unreasonably. Mr B chose the product himself, and was made aware a month after it had started that he could cancel it upon paying the ERC.

The interest rate product is due to expire at the end of April 2024. Mr B and Ms O will be free to take out another interest rate product with Accord, or to re-mortgage to another lender if they don’t want to stay with Accord. Mr B and Ms O might want to speak to an independent financial adviser before making any changes to their mortgage.

### **My final decision**

My final decision is that I don’t uphold this complaint.

This final decision concludes the Financial Ombudsman Service’s review of this complaint. This means that we are unable to consider the complaint any further, nor enter into any discussion about it.

Under the rules of the Financial Ombudsman Service, I’m required to ask Mr B and Ms O to accept or reject my decision before 19 March 2024.

Jan O’Leary  
**Ombudsman**