

The complaint

Mr and Mrs D complain that Metro Bank PLC would only allow them to choose a new interest rate product for their mortgage up to four months before their present rate expired. They believe that is inconsistent with the Mortgage Charter, which says lenders should give customers the chance to choose a new deal up to six months ahead.

What happened

Mr and Mrs D had a mortgage with Metro. Their existing fixed rate expired on 28 December 2023.

In July 2023 Mr and Mrs D asked Metro to arrange a new interest rate for their mortgage. They were aware of the Mortgage Charter, which said *"With effect from 10th July customers approaching the end of a fixed rate deal will have a chance to lock in a deal up to six months ahead."* But Metro said its own policy was that customers could only arrange a new deal up to four months before the rate was due to expire – so from 28 August 2023.

Mr and Mrs D complain that Metro was not acting in line with the Mortgage Charter and had misinterpreted it. As a result, Mr and Mrs D said they arranged a mortgage with another lender to avoid the risk of further interest rate increases and incurred fees of over £1,500 in doing so.

At first an investigator thought the complaint should be upheld. But on review, and following further submissions, another investigator did not think the complaint should be upheld. They said a footnote had been added to the Mortgage Charter that clarified when a new deal could be offered.

Mr and Mrs D did not accept what the investigator said:

- When the original investigator made her decision, the Charter contained the same footnote and she did not consider it relevant. So the Charter had not been clarified – the contents are the same as they were when the original investigator reached her view.
- The footnote does not override the terms of the Charter. The wording is clear that *"...customers approaching the end of a fixed rate deal will have the chance to lock in a new deal up to six months ahead."* All the footnote does is confirm that six months is the maximum a lender may offer customers a new deal. It does not dilute the requirement to enable customers to choose a new deal up to six months ahead. If lenders could decide their own timeframe that would be in breach of the Charter.

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 agree with Mr and Mrs D's interpretation of the Charter wording in respect of how far ahead they could arrange a new interest rate product. The difficulty I have is that part of the Charter was clarified by way of a footnote stating, *"Six months is the maximum time lenders may offer for customers to sign up to a new deal under the Mortgage Charter. Borrowers should contact their lender to understand how far in advance their lender will be able to offer them the option to lock in a deal."*

I don't agree with Mr and Mrs D that the footnote only confirms that six months is the maximum a lender may offer customers a new deal. It goes on to say that *"Borrowers should contact their lender to understand how far in advance their lender will be able to offer them the option to lock in a deal."* I consider a reasonable interpretation of that is lenders will allow customers a maximum of six months to arrange a new deal. But customers need to contact their lender to find out how far ahead it will offer a new deal. It follows that there is some discretion for the lender to decide how long in advance it will let customers agree a new deal.

The purpose of the footnote was to clarify what the intention of the Charter was. That reflected that the initial wording was being interpreted in the way that Mr and Mrs D had. But that was never the intention of the Charter. So while I understand Mr and Mrs D's point, I don't consider it would be reasonable for me to look at the initial wording on its own – I have to take into account the footnote and what the intention of the Charter was. Having done so, I agree with the investigator that Metro has not acted unfairly or unreasonably in only allowing Mr and Mrs D to arrange a new deal four months ahead.

Mr and Mrs D have taken a new retirement interest only mortgage with a different lender. They were recommended that, after assessing their needs and circumstances, it was suitable for their needs. After their needs and circumstances were assessed, they were advised to move to a different type of mortgage with a longer term and a discounted, rather than a fixed rate. So it's not clear, even if Metro had given Mr and Mrs D the full six months to book a new interest rate, that it would have been in their best interests to go ahead with the fixed rate.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr and Mrs D to accept or reject my decision before 22 April 2024.

Ken Rose
Ombudsman