

The complaint

R, a limited company, complains Belmont Green Finance Limited trading as Vida Homeloans ("Vida") didn't warn it that it would need to apply for a new mortgage deal more than 10 days before the expiry of the old deal, for the new deal to follow on immediately after the old.

Mr R brings this complaint on behalf of R.

What happened

R has a Buy To Let ("BTL") mortgage with Vida. The fixed interest rate deal on this loan was due to expire on 30 October 2023. Vida wrote to R on 3 July 2023 and again on 1 October, to alert Mr R to this. Mr R said neither of these letters told him that he'd need to switch the mortgage 10 days before the end of the existing deal, if he wanted the new deal to follow immediately on from the old one.

Mr R said he'd also used the portal a number of times to check rates, and nowhere on there did it tell him that if he didn't switch before the last 10 days of his existing deal, R's mortgage would have to go onto Vida's Standard Variable Rate ("SVR") for a month.

Mr R said he paid around £300 extra for November 2023, because of that. Mr R said it was nonsense for Vida to say someone should have to visit its FAQs to find out that they must apply for a new deal 10 days before the old one expires. He thought the offer letter he was sent, after he'd applied for a new deal was the first time Vida actually alerted him to this. Mr R said Vida should charge him either the old deal rate or the new one, for November. It should also update its letters and portal, so that other customers would be warned in future.

Vida didn't agree. It said Mr R had accessed the product switching portal a number of times in July, August and September. He'd looked at various products then, but hadn't accepted an offer to switch until 25 October.

Vida said its offer was clear that all of its product switches happen on the 1st of the month. And its product switching portal does contain more detail on this. The FAQs set out clearly that Vida does need 10 working days to implement a switch. Because Mr R hadn't switched until the end of October, his new mortgage deal wouldn't take effect until 1 December.

Our investigator didn't think this complaint should be upheld. She said Vida had given Mr R notice that R's deal was coming to an end. She didn't think Vida had misinformed Mr R. The information about its switching policy was on its website, and she didn't think it needed to include this in its letters too. Our investigator didn't think it was unreasonable for Vida to take time to implement changes to R's mortgage, and it had acted in line with its guidance. She didn't think she could reasonably ask Vida to refund the interest R paid for November 2023.

Mr R objected. He referred a number of times to inaccuracies in our investigator's view and her emails, which he said meant he had no confidence in her view. But although our investigator asked him to let her know what these were, Mr R didn't say.

Mr R said he'd never been made aware of a 10 day penalty, although he had visited the switching portal a number of times, to keep an eye on rates as they fell. Mr R said he'd have switched earlier if he had been warned. Mr R said he would send us call records, but although our investigator extended the time for him to do so, these records haven't been received. Mr R then said he couldn't remember if or when he'd been misled by Vida, but he said the complaint was really about not having been told there was a 10 day penalty. He said that wasn't an industry norm, and wasn't documented anywhere other than some random FAQ buried on a website.

Because no agreement was reached, this case 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.

When Mr R suggested he may have discussed R's remortgage with Vida, our investigator asked Mr R for his call records. It's not then clear from the subsequent emails whether Mr R was suggesting that he was misled on any call with Vida. However, I note that some time has passed since the deadline for these records being sent to our service expired, and these haven't been received. I do think it's now appropriate to reach a decision in this case.

I should say at the outset that, although Mr R has referred to a "*10 day penalty*" I don't think there is a penalty here. There is a requirement in Vida's switching provisions, for how far in advance a new mortgage deal must be requested, if it's going to come into effect at the end of the same month.

I should also note that R's existing mortgage deal expired on 30 October. All of Vida's new rates start on the first of the month. So he would always have paid the SVR for 31 October. But if he had acted sooner, he could have avoided paying the SVR for November 2023 too, and that's the focus of Mr R's complaint.

Mr R says Vida should have made it very clear, in the letters it sent to him, that he must select a new mortgage deal at least 10 working days before the date he wanted that deal to start. And he said if Vida had said that, he would have switched sooner.

The letters Vida sent to Mr R were just intended to flag to him that it was time to switch his mortgage. They don't contain full details of how to do that, and they do clearly refer to Vida's portal for more information. Because those letters are just intended to signpost Mr R to further information, I don't think it's unfair or unreasonable if they didn't contain the detail Mr R would have liked to see, about when Mr R needed to switch if he wanted this deal to take effect in November.

I also think it is reasonable to expect that Vida would take a little time to implement a change to a mortgage interest rate, and to notify the borrower of any change in payments before those are taken. So, although Mr R says that not all mortgage providers work in the same way, I wouldn't expect a change of mortgage deal could always be done right away.

In those circumstances, and bearing in mind that Mr R owns a number of mortgaged properties, I don't think it would be reasonable for Mr R to expect that a mortgage offer which was accepted on 25 October 2023, would necessarily be implemented by 1 November, which was only five working days later. And we do know that if Mr R had checked this, he

would have been able to see on Vida's switching portal, that it asks customers to switch at least 10 working days before their new mortgage deal is to take effect.

Vida has clearly followed the process it alerts customers to on its website. And, in the circumstances of this case, I'm not able to say that it was unfair or unreasonable for Vida not to provide information about how many days would be needed to implement a switch, more prominently than it did. So I know that Mr R will be disappointed, but I don't think R's complaint should be upheld.

My final decision

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask R to accept or reject my decision before 31 May 2024.

Esther Absalom-Gough

Ombudsman