

The complaint

Mr B and Miss C complain that Monmouthshire Building Society (Monmouthshire) incorrectly advised them that their mortgage interest rate and monthly payments wouldn't increase following the society's announcement of a rise in its standard variable rate (SVR). They say as a result they hadn't budgeted for the rise, and it caused them significant distress and inconvenience for which they would like financial compensation.

What happened

In early 2023 Mr B and Miss C took out a joint mortgage of which part was on a fixed interest rate and the other part was a discounted rate to the SVR.

In October 2023 Monmouthshire sent out letters advising members of an increase to its SVR from 1 December 2023. This set out the new monthly repayment for Mr B and Miss C – although they said they didn't receive this letter.

But Mr B said that on 14 November 2023 he spoke with Monmouthshire to request proof of address so Miss B could provide that to a potential new employer. He said that during the conversation he asked about the change to the SVR and its effect on their mortgage payments. He said he was told that the interest rate rise wouldn't affect them. However soon afterwards they received written notification of the rise in their monthly payments as the increase to the SVR did affect the discounted part of the loan.

Mr B complained online about the misinformation and then called several days later as his complaint hadn't been acknowledged. Monmouthshire responded apologising for the incorrect information it provided during the call but confirming that the mortgage payments would be increasing.

Mr B and Miss C thought they should have been awarded some compensation for the stress and inconvenience caused – so they brought the complaint to us.

One of our investigators looked into the matter and initially thought the complaint should be upheld. She said that although Monmouthshire had accepted it had made an error and apologised, it had raised Mr B and Miss C's expectations that their payments wouldn't increase – at what was a difficult time for them due to Miss C having recently lost her job. She said Monmouthshire should pay £100 compensation.

But following new information, which supported the idea that Miss C had already secured new employment and was the reason for the request of a letter from Monmouthshire as proof of address for the new employer, she thought that there was sufficient time for Mr B and Miss C to have re-budgeted due to the increase in monthly payments. She thought Monmouthshire's apology was therefore sufficient and no award of compensation was warranted.

Mr B and Miss C didn't agree. They said:

- The offer of a new job to Miss C wasn't a settled change of circumstances until all the pre employment checks were completed. Therefore the financial stress they were under continued during this time.
- They hadn't received advanced warning of the payment increase and the first communication they did receive was after the phone call which had provided the incorrect information. They thought that in order to give a good customer outcome Monmouthshire should honour its verbal pledge and also pay compensation for the stress caused.
- If they had acted on the incorrect information provided, they could have made financial decisions which adversely affected them. They thought they should be able to rely on information provided to them by Monmouthshire.

As no resolution could be found the complaint was referred to an ombudsman and passed to me to review.

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.

And having done so I've reached the same conclusion as the investigator. I know that will disappoint Mr B and Miss C – so I'll explain my reasons below.

There's no dispute here that Monmouthshire incorrectly advised Mr B and Miss C during a telephone call that their monthly payments wouldn't increase. This was clearly a genuine error which Monmouthshire has recognised and apologised for. I can only assume that the staff member involved thought that as the loan was made up of a fixed and discounted rate Mr B and Miss C wouldn't be affected by an increase in the SVR. But that was clearly an error.

So the question to consider here is whether Monmouthshire should have to honour the information it gave verbally and also whether Mr B and Miss C should be awarded compensation for the impact the error had on them.

Honouring the verbal information

As I've already said there's no dispute that Monmouthshire provided incorrect information about Mr B and Miss C's monthly mortgage payments during the call of 14 November 2023. But I note this was soon corrected within the letter that was sent to Mr B and Miss C and received soon after. And Monmouthshire has confirmed the increase in various communications during the complaint process. So I'm satisfied that the correct position has been reached and that payments are now being made in accordance with the increase to the SVR.

So to tell Monmouthshire to honour what it said on the phone wouldn't be putting Mr B and Miss C in the correct position and would in fact mean them paying less than they are contractually obliged to do. That wouldn't be fair and would mean that they would be in a better position than they ought now to be in. So I don't think Monmouthshire should have to honour what it said verbally.

Compensatory awards

Mr B told us that they didn't receive the notification about the increase in monthly payments from Monmouthshire that was dated October 2023. He says the first they knew about the change was several days after he made a call to request proof of address for Miss C. I've seen a copy of the notification that was sent – which does clearly set out the position from 1 December 2023 – and was addressed correctly to Mr B and Miss C. But I haven't seen any evidence that it was received by them and I've no reason to dispute Mr B's version of events over that matter. So I can't safely say it was received.

But I've also taken into account that when Mr B spoke with Monmouthshire on 14 November 2023 he also raised the issue of an increase in the SVR stating, *"I just wanted to ask as well. I haven't got any confirmation, but has my mortgage gone up. I saw that the SVR has increased."* So Mr B and Miss C were aware that the SVR had increased, albeit that Mr B asked for confirmation of whether their loan payments would go up.

Mr B then told us of the impact the incorrect information had on them. He explained that Miss C had recently lost her job and they were under a lot of stress trying to budget their finances. He said the incorrect information didn't help that and in any case the stress of the situation continued even when it seemed that Miss C might be offered a new position. So I've carefully considered the impact this had on Mr B and Miss C.

In Monmouthshire's timeline of events it suggested that Mr B received notification of the increase in monthly payments the day after he contacted it on 14 November 2023. Although Mr B said he wasn't aware until some days afterwards. But when Mr B contacted Monmouthshire on 21 November 2023 to seek acknowledgement of the complaint he made, he said he'd first complained online *"four or five days previously"*. So if the complaint had been made because he knew he'd been provided with incorrect information, I think this would support the idea he'd already been provided with contradictory (correct) information which he must have received to make the complaint. This would suggest the complaint was made sometime around the day after his initial call.

I've set out this background in order to support the idea that even though Mr B and Miss C were provided with incorrect information, that matter was corrected quickly after, and they would have been aware that the monthly payments would be increasing. I know they wanted confirmation of this which is why they registered the complaint, but I think they ought to have taken on board the written confirmation of the increase. This isn't to apportion any blame here but simply to demonstrate that the impact to Mr B and Miss C was short lived and the raising of the expectations about their mortgage payments was for around a day or so which I don't think would have significantly affected any budgeting they were reforming.

So, although it's clear that Monmouthshire did provide incorrect information, I think Mr B and Miss C were already aware of the increase to the SVR at that point and I think the error was corrected quickly afterwards. So I don't think this had a significant impact on Mr B and Miss C or raised their expectations sufficiently to warrant the award of a compensatory payment.

I don't take lightly Mr B's submissions about the stress he and Miss C were under because of their personal and financial situation at the time. But I don't think that was initially caused by Monmouthshire and I don't think the available evidence supports the idea that the error it made had enough of an impact on matters for me to award compensation.

My final decision

For the reasons that I've given I don't uphold Mr B and Miss C's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B and Miss C to accept or reject my decision before 7 June 2024.

Keith Lawrence
Ombudsman