

## **The complaint**

Mr and Ms J complain that Yorkshire Building Society didn't allow them to take out a single interest rate product for all of their mortgage. Mr J has dealt with the complaint. He asks that YBS apologises, refunds one of the product fees with interest and pays nominal compensation for failing to treat him in accordance with the law regarding his disability.

## **What happened**

Mr and Ms J had a mortgage with YBS. They took out additional borrowing in 2016, with a fixed interest rate product. This had a different expiry date to the product they'd taken out for the main mortgage.

Mr J says they were told by YBS that they'd be able to take out a single product for both parts of their mortgage if the expiry dates for both products fell within a 90-day period. He says they were told they could do this when the first product expired.

Mr J says they acted on this information when they took out new products, so that the expiry dates would fall within a 90-day period in 2023. However, when they tried to take out a new product in June 2023, YBS said it had changed its policy. It said if they wanted to take out a single product for the whole mortgage they'd have to wait for both products to expire. This would mean part of their mortgage would be on the standard variable rate for two months. And they'd risk interest rates increasing.

Our investigator said YBS had given Mr and Ms J information that was correct at the time. And as Mr and Ms J had the option to take out a single product by waiting for the second product to expire, she didn't think it was fair and reasonable to require YBS to refund the product fee.

Mr and Ms J didn't agree. Mr J said they weren't treated fairly. Mr J said based on what they'd been told they had a reasonable expectation they'd be able to combine the products in early June 2023 without cost.

## **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 can understand why Mr and Ms J wanted a single product for both parts of their mortgage. They would pay only one product fee and it would be easier to manage.

From what Mr J has said, when they took out new interest rate products they did so with the intention that, at some point, they'd both expire within a 90-day period. They took out a product in 2021 that would expire on 31 July 2023. They'd already taken out a product for the other part of their mortgage that was due to expire on 30 September 2023.

However, YBS changed its policy in 2022. Mr and Ms J were not able to choose a new product for the whole mortgage in June 2023 as they'd expected. If they wanted a single

product for the whole mortgage they had to wait until both products had expired and then choose from the available product range.

That left Mr and Ms J with a difficult decision. If they waited until the second product expired, part of their mortgage would be on the standard variable rate for two months. There was a risk that interest rates might increase and the available products might be more expensive than those available in mid-2023. The second product had an early repayment charge, so they couldn't switch products early without paying this.

Mr and Ms J decided to take out a new product to replace the product that had expired. Mr J said this was less expensive than being on the standard variable rate for two months.

I can understand Mr J's frustration. But for me to uphold this complaint, I'd need to find that YBS made an error or treated Mr and Ms J unfairly. I don't think that's the case.

YBS is entitled to make a commercial decision about its internal policies, and to make changes to its policies. YBS gave Mr and Ms J information that was correct at the time. It changed its internal policy – as it was entitled to do – in early 2022. It didn't have to inform Mr and Ms J of this.

Mr J says YBS failed to treat them fairly as its advice formed part of their reasonable expectations about what they'd receive from their product. I think, in effect, Mr J is saying that the products were unsuitable, as their aim was to be able to take out a single product for the whole mortgage when the products expired.

Having read the evidence carefully, I don't think that YBS gave advice to Mr and Ms J when they took out the interest rate products that expired in 2023. YBS did of course need to give Mr and Ms J correct information – which I think it did.

Mr J says they should be treated differently to other customers because they'd asked about aligning their products. He says they should have been informed when YBS changed its internal policy. And YBS should apply its previous policy to their request.

I don't think it's reasonable to say that YBS can't change its policies or should apply policies differently between customers depending on what questions they'd previously asked. I think YBS needed to give Mr and Ms J information that was correct at the time.

There's some dispute about whether Mr J spoke to YBS in 2021. Mr J says the discussion took place at his branch, which could explain why YBS doesn't have a record of it. But it seems the information he was given was correct at that time, so this doesn't change the outcome of my decision.

Mr J says if they'd been told about the change in policy earlier they could have looked into re-mortgaging. If Mr and Ms J wanted to look into this they could have done so after they were told about the change of policy on 8 June 2023. They wouldn't have been able to complete a re-mortgage until early October 2023 without incurring an ERC, so they'd have had more than three months to complete an application.

If Mr and Mrs J's aim was to take out a single product they were able to do this, by waiting until the second product expired. I appreciate that increases in mortgage interest rates made this a less attractive option. But ultimately it was for Mr and Ms J to weigh up the benefits, costs and risks and decide how to proceed.

While I appreciate that matters didn't turn out as Mr and Ms J had hoped and expected, that doesn't mean that YBS made an error or treated them unfairly. I don't think it's fair and

reasonable in the circumstances to require YBS to refund the product fee or pay compensation to Mr and Ms J.

Mr J says the way YBS communicated after 8 June 2023, including the unsympathetic tone used during a call, caused him further anxiety and distress. After receiving the final response letter Mr J called YBS to discuss the outcome of his complaint. He says the complaint handler failed to have regard for his anxiety and depression disorder and said “we’re just going in circles here” which fuelled his anxiety and led to a depressive episode.

Having listened to Mr J’s call with the complaint handler, I don’t think that YBS acted unfairly or unreasonably. It told Mr J that it wouldn’t change the outcome in its final response and correctly told him that if he remained unhappy he could take the matter to this service.

Mr J has also said that YBS’s actions amounted to disability discrimination on the grounds of his mental health condition. It’s for the courts to make a formal finding of breach of the Equality Act, but it’s something I’ve taken into account as relevant law. But I’ve not seen any evidence that Mr J has been treated less favourably than other customers because of his disability or something arising from it. And I don’t think he was put at a disadvantage compared to other customers in the same position (to whom YBS would have applied the same policy). As such I don’t think that it would be a reasonable adjustment for YBS to waive its normal policy in this case.

### **My final decision**

My decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I’m required to ask Mr J and Ms J to accept or reject my decision before 1 May 2024.

Ruth Stevenson  
**Ombudsman**