

The complaint

This complaint is about a buy-to-let mortgage Mr P and Mrs P hold with Belmont Green Finance Limited trading as Vida Homeloans (hereafter referred as Vida). The gist of Mr P and Mrs P's complaint is that online access to their account was blocked, preventing them or their mortgage broker from selecting a new interest rate product for the mortgage. By the time the block had been removed, interest rates generally had gone up and they had to selected a higher fixed rate than the one they had planned. Mr P and Mrs P are represented in the complaint by their mortgage broker, a firm I'll call "W".

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 P and Mrs P 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 P and Mrs P took the mortgage out in 2019, on an initial five-year fixed rate. The expiry date of the fixed rate was 25 March 2024, but the account terms allowed them to select a new interest rate product up to six months in advance. In December 2023, Vida wrote reminding Mr P and Mrs P of the approaching expiry and set out details of how they could select a new rate online. In January 2024, Mr P and Mrs P went online, looked at the deals available, but didn't immediately select one. Instead, they approached W to see if it could find them a better deal elsewhere.

In due course, W recommended Mr P and Mrs P stay with Vida and, with their authority, went online to book a new rate of 5.44%. However, Vida's system told W that access was blocked because a new application was in progress, apparently as a consequence of the access Mr P and Mrs P had effected earlier. After a great deal of to-ing and fro-ing between Vida and W, Mr P and Mrs P followed the procedure to unblock their online account so that W could gain access to book the new rate. This was on 15 February 2024; however, on the same day, Vida withdrew the 5.44% deal and replaced it with one priced at 5.94%.

Mr P and Mrs P have taken the 5.94% deal, but W raised a complaint with Vida on their behalf. Vida said it was normal procedure for access to be blocked once an application had started, to prevent duplication.

Mr P and Mrs P referred their complaint to us. The first investigator to consider the case thought that Vida should be required to apply the lower rate to the mortgage, saying that if it had been quicker in showing Mr P and Mrs P how to unblock access, they'd have been able to secure the 5.44% deal before it was withdrawn. Due to a change of role, the first investigator handed the case over to a colleague, who reviewed it herself. She reached the same conclusions on how the case should be resolved, but for a different reason.

The second investigator wasn't persuaded Vida had demonstrated that Mr P and Mrs P's initial activity on the website had been enough to trigger the block in the first place. Mr P and Mr P agreed, but Vida has asked for the case to be reviewed by an ombudsman.

What I've decided – and why

I'll start with some general observations. We're not the regulator of financial businesses, and we don't "police" their internal processes or how they operate generally. That's the job of the Financial Conduct Authority (FCA). We deal with individual disputes between businesses and their customers. In doing that, we work within the rules of the ombudsman service and the remit those rules give us. We don't replicate the work of the courts.

We're impartial, and we don't take either side's instructions on how we investigate a complaint. We conduct our investigations and reach our conclusions without interference from anyone else.

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Vida has gone to great pains to emphasise that there was no error on its part, because the system imposes a block if a new application is pending to prevent a second application being initiated at the same time.

That's fine, as far as it goes; I can well understand why a lender would not want to have two applications for new rates running in parallel on the same mortgage account. The problem here, though is that Vida hasn't said or provided anything to persuade me that Mr P and Mrs P actually started an application for a new rate, as opposed to simply browsing the available deals as they have claimed. Vida acknowledged as much in the final response, when it said "*...although they reviewed the product switch options available to them, they did not accept a new rate*".

Putting everything together, the time taken to remove the block and select a new product aren't what this case turns on. Rather, it turns on the absence of persuasive evidence that Mr P and Mrs P actually advanced an application for a new rate to the point where a block on an application being made by W should reasonably have been triggered.

My final decision

My final decision is that I uphold this complaint, by ordering Belmont Green Finance Limited trading as Vida Homeloans to:

- A. re-work Mr P and Mrs P's mortgage account on the basis that the 5.44% fixed rate product was applied on 29 March 2024 instead of the 5.94%, taking account of any difference in the product fee if such fee was added to the mortgage balance*;
- B. refund the differential interest Mr P and Mrs P have incurred each month from 29 March 2024 up to the eventual date of settlement;
- C. alternatively, if Mr P and Mrs P prefer, deduct that amount from the capital balance of the mortgage;
- D. pay interest on each refunded amount, at 8% simple per annum** from the date each refunded amount was paid by Mr P and Mrs P to the eventual date of settlement

*In the event that the product fee was paid up front, and the fee for the 5.44% product was different from that for the 5.94% product, Vida can either deduct the difference from, or add it to, the money due to be refunded under B.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P and Mrs P to accept or reject my decision before 18 November 2024.

Jeff Parrington

Ombudsman