

## **The complaint**

Mr S's complaint is that, because of incorrect and conflicting information he was given by Bank of Scotland plc (BOS) about rearranging his mortgage interest rate product, he missed out on fixing a new interest rate.

To settle the complaint Mr S wants BOS to compensate him for his financial losses.

## **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 S 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 S has a mortgage with BOS which was on an historic system. The mortgage came with flexible features such as a cheque book and an ability to borrow back overpayments. These are features which BOS no longer offers to mortgage customers – what is called a 'closed book' product.

On 23 September 2022 Mr S contacted BOS to discuss changing the interest rate on the mortgage, prompted presumably by the mini-Budget that had just taken place which had an impact on mortgage interest rates.

BOS confirmed that, due to Mr S's current mortgage being on a closed book product, for any changes to be made Mr S would need to re-mortgage onto one of BOS's current products. This would mean he'd lose the flexible features on his current mortgage. The BOS agent said they would arrange for a call back from a mortgage adviser.

The mortgage adviser attempted to call Mr S on 27 September 2022, but he didn't answer the call.

It wasn't until June 2023 that Mr S contacted BOS again about the mortgage. Mr S said that he was aware he'd need to apply for a new mortgage, but didn't think his income would be sufficient. The adviser explained that if Mr S was only changing the rate, his income wouldn't be a factor; it would only be an issue if he wanted to borrow additional funds.

Mr S complained, because he considered he'd been misadvised in September 2022. Whilst Mr S agreed he'd not specifically been told his income would be an issue, he felt this would have prevented his application from going ahead. Mr S spoke to BOS on 3 July 2023, when he was told that he could fix a new rate, but that an early repayment charge (ERC) might be applied if the September 2022 rates were then applied. As a result, Mr S didn't apply for a new rate at that time.

In response to the complaint, BOS offered Mr S £50, as the bank acknowledged Mr S had been given conflicting information. BOS explained that because Mr S's mortgage is held on an historic system, he'd need to select a new product.

Dissatisfied with BOS's response, Mr S complained to our service. He said that his mortgage interest rate had increased significantly, and the bank had said it wasn't able to put him back on the rates as they were at the start of 2023.

An Investigator looked at what had happened. She thought that Mr S had been left with the impression on the 3 July 2023 call that he shouldn't apply for a new rate, when he could have done. The Investigator thought BOS should offer to put Mr S's mortgage on the best rate he'd have been eligible for on 3 July 2023, and pay a total of £150 compensation.

BOS agreed to this but Mr S didn't. He said that if he accepted a new fixed rate from July 2023, this would leave him with less than two years on his mortgage and he wouldn't then be able to arrange a new fixed rate. Mr S says *"maybe they could have shared that little nugget of information with me earlier."*

Because the matter is unresolved, it falls to me to issue a 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.

First of all, I note Mr S was sent the various call recordings, and given additional time to provide any further comments, to 26 August 2024. As that date has now passed, I am proceeding to issue a final decision. We are required to resolve complaints in a timely manner.

Having reviewed everything the parties have said, and after listening to the call recordings, I have reached the same conclusion as the Investigator, for broadly the same reasons.

I'm satisfied BOS did nothing wrong during the calls in September 2022. Mr S was told that he'd need to speak to a mortgage adviser and a call was arranged, but he didn't answer it. Mr S has queried why BOS didn't call back; equally, he didn't follow it up either, but instead left things until June 2023 before he contacted BOS again. I'm therefore not persuaded that BOS can be held responsible for Mr S not progressing an application for a new rate in September 2022.

I agree with the Investigator that Mr S was left with the impression during his conversation with BOS on 3 July 2023 that there might be implications for him in relation to an ERC if he fixed his rate and if the complaint was subsequently upheld with a back-dated rate to September 2022. Mr S has therefore lost out on the opportunity to have fixed his rate back in July 2023. However, I'm also not persuaded Mr S would have gone ahead with a new fixed rate at that time, due to the issues referred to below relating to the mortgage term.

I've noted what Mr S has said about the implications of him having taken a new rate on his mortgage term in July 2023 and that he won't be able to fix a new two-year rate on expiry of a rate he could have taken in July 2023 due to there being less than two years remaining on the mortgage term. However, because Mr S hadn't fixed his rate in September 2022 and then didn't contact the bank for nine months, I'm satisfied that 3 July 2023 is the earliest date that I can reasonably ask BOS to backdate any new rate to. On expiry of that rate, if Mr S wants a new fixed rate, he would need to ask BOS to extend his mortgage term to

accommodate the end date of any new rate, or alternatively move onto the bank's Standard Variable Rate.

### **Putting things right**

To settle the complaint I direct Bank of Scotland plc to offer Mr S the option to secure the best rate he'd have been eligible for on 3 July 2023. I'm satisfied that Mr S wasn't able to make an informed choice at that time, and as a result has been caused distress and inconvenience. In addition to the £50 already offered, I direct Bank of Scotland plc to pay an additional £100, making a total of £150.

### **My final decision**

My decision is that I uphold this complaint. I direct Bank of Scotland plc to settle the complaint as set out above. I make no other order or award.

This final decision concludes the Financial Ombudsman Service's review of this complaint. This means that we are unable to consider the complaint any further, nor enter into any discussion about it.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 26 September 2024.

Jan O'Leary  
**Ombudsman**