

## **The complaint**

Mr L's complaint is about his mortgage account held with Platform Funding Limited. Mr L says that, after the interest rate switched from being calculated against the London Interbank Offered Rate (LIBOR) to the Sterling Overnight Index Average (SONIA), he has been overcharged on his mortgage account.

To settle the complaint Mr L would like Platform to refund the overpayments he says he's made.

## **What happened**

I won't 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 all the details here. In addition, our decisions are published, so it's important I don't include any information that might lead to Mr L 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.

In 2007 Mr L took out a mortgage with Platform. This is, in fact, a joint mortgage, but Mr L and the joint owner were divorced many years ago and Mr L has accepted responsibility for the mortgage since about 2011, albeit the account is still in joint names.

The mortgage was initially at a fixed rate of 8.54% until 14 November 2010. Thereafter it moved onto a variable rate. The mortgage terms and conditions say that the interest rate will be calculated against the three-month LIBOR (or such other rate as Platform reasonably determines at its discretion from time to time) plus the margin specified in the mortgage offer, in this case, 2.70%.

In December 2021 LIBOR ceased to be published, and, in accordance with the Financial Conduct Authority's (FCA) requirements, Platform chose to calculate the mortgage interest against SONIA, plus the 2.70% margin.

On 14 December 2023 Mr L complained to Platform, saying that he thought he was being overcharged interest on his mortgage. In its final response letter dated 6 March 2023 Platform explained that the interest on the mortgage had been calculated in line with SONIA plus 2.70%. Platform also explained that it was a closed book lender, but Mr L didn't meet its criteria for applying for a new mortgage from another company in Platform's parent group. However, as there was no early repayment charge (ERC) on the mortgage, Mr L was free to re-mortgage to a new lender, if he wished to do so.

Dissatisfied with Platform's response, Mr L complained to our service. Platform didn't consent to us looking at anything that had happened more than six years before the complaint was first raised on 14 December 2023. The Investigator explained to Mr L that we couldn't look at any issues before 14 December 2017.

In relation to the interest rate after that date, the Investigator was satisfied that it had been calculated in line with LIBOR and, after LIBOR ceased to be published, with SONIA and that Mr L hadn't been overcharged.

Mr L asked for an Ombudsman to review the complaint.

### **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 will begin by explaining that, as this is a joint mortgage, we generally require both parties to join in the complaint. However, I can consider a complaint brought by a single account holder if I consider it appropriate to do so. I am satisfied I can consider this complaint brought by Mr L alone, as there is no conflict of interest in relation to the joint account holder in my doing so. She has not resided in the property since 2011, and Mr L has been solely responsible for the mortgage since then, albeit the account remains in joint names.

I will also reiterate that the Investigator said – which is that I can only consider events that arose in the six years before the complaint was first made on 14 December 2023. I note Mr L has acknowledged this to the Investigator.

In relation to the events I can consider, that is those arising after 14 December 2017, I'm afraid I have disappointing news for Mr L; I'm not upholding his complaint. These are my reasons.

Mr L has argued that his mortgage should be at a rate of 0.25% above Bank of England Base Rate (BOEBR), and therefore he's been overcharged interest. However, the mortgage interest rate is not linked to BOEBR. It was until December 2021 linked to LIBOR, and thereafter to SONIA.

When the FCA announced that LIBOR was to be withdrawn, it required lenders who operated LIBOR-linked mortgages to replace the LIBOR element with an alternative, in this case, SONIA. The FCA required lenders to notify borrowers, which Platform did. As I've noted above, the mortgage terms and conditions allowed Platform to substitute LIBOR with another rate, at its discretion.

I'm satisfied the switch from LIBOR to SONIA was in accordance with FCA guidance. The change was also in line with what other lenders with LIBOR-linked mortgages have done. Therefore Platform is not an outlier in calculating the interest on the mortgage in line with SONIA.

I've reviewed the interest rate charged to Mr L's mortgage since 2017. Having done so, I'm satisfied that the rate has varied in line with variations in LIBOR and, later, SONIA, plus the 2.7% margin provided for in the mortgage contract.

Since the start of 2022 interest rates globally have increased significantly. This isn't just limited to Mr L's mortgage, Platform or even just the UK mortgage market. It doesn't follow, therefore, that if LIBOR had remained as the reference rate after 2021 Mr L's payments wouldn't have increased as they did under SONIA. I'm therefore not persuaded that the change to the reference rate has unfairly benefitted Platform, or that the change from LIBOR to SONIA is the reason for increases in Mr L's mortgage payments.

The Financial Ombudsman Service doesn't provide an auditing service. My review of the interest rates charged doesn't persuade me that Platform has miscalculated the interest in relation to the SONIA reference rate plus the 2.7% margin. If Mr L disagrees, it's always open to him to arrange to have the account independently audited by a financial professional, for example, an actuary or accountant. If such an audit was to identify any accounting errors resulting in loss or detriment to Mr L that could be attributed to any act or omission on the part of Platform, he would be able to bring a new complaint to Platform about this, and refer it to our service if he remained dissatisfied.

I do appreciate that recent interest rate rises have impacted on Mr L, but overall I'm unable to find that Platform is at fault.

I know this isn't the outcome Mr L was hoping for. The mortgage is currently in arrears, and Mr L isn't able to switch to a new mortgage with another company in the same group as Platform (which is a closed book lender). However, there may be other options available to Mr L, and he might find it helpful to speak to an independent mortgage adviser. Mr L can find details of independent financial advisers on the FCA website.

If Mr L is experiencing financial difficulty, free advice is available from Citizens Advice, StepChange or Shelter. We can provide Mr L with contact details for those agencies on request.

### **My final decision**

My final decision is that I don't uphold this complaint.

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 L to accept or reject my decision before 5 November 2024.

Jan O'Leary  
**Ombudsman**