

The complaint

Ms B's complaint is about her mortgage account with West Bromwich Building Society trading as The West Brom (and referred to here as West Brom).

Ms B says she was incorrectly advised by West Brom to switch from a discounted variable rate product onto a fixed rate product, which ultimately has ended up being more expensive than if she'd stayed on her discounted rate.

To settle the complaint, Ms B wants West Brom to reimburse her so she is not out of pocket.

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 Ms B 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.

Briefly, in May 2022 Ms B took out a mortgage with West Brom, after taking advice from her own independent financial adviser. The mortgage was on an interest rate that was 2.7% below West Brom's Standard Variable Rate (SVR). At the time, the Bank of England Base Rate (BOEBR) was very low – 0.25% – and this in turn influenced West Brom's SVR. However, BOEBR began to increase, as a result of which West Brom increased its SVR, which resulted in Ms B's mortgage payments increasing.

Concerned about the impact of interest rate rises on her mortgage, Ms B had several discussions with West Brom. I've listened to all the call recordings of these, and the Investigator set out the details of the conversations (with one exception – to which I refer later in this decision) in his letter of 28 May 2024. Ms B says she was told by West Brom that interest rates would continue to increase. As a result, Ms B moved onto a fixed rate of 3.19% from 1 September 2022.

However, on 18 October 2022 West Brom announced that from it would henceforth determine its SVR based on loan-to-value ratio (LTV), which would apply to all owner-occupier mortgage customers after they reached the end of their initial product period. Because Ms B's LTV was below 75%, if she'd remained on her discounted variable rate, Ms B says have been able to take advantage of this.

Ms B says that, during the process of switching to the fixed rate in the summer of 2022, when she had numerous calls with West Brom she was told that rates would continue to increase. Ms B says that this influenced her decision to switch to the fixed rate. Ms B says that, had she been told that West Brom would introduce a lower SVR for LTVs below 75%, she'd have stayed on her variable rate.

Ms B complained to West Brom, saying it had given her incorrect advice. West Brom didn't uphold the complaint, so it was brought to our service. Ms B said on her complaint form that *"I was advised on one particular call that 'the rate would keep increasing' This influenced my decision to fix in at a much higher rate."*

An Investigator looked at what had happened, but didn't think West Brom had done anything wrong. He'd listened to all the call recordings provided by West Brom, including the ones when Ms B had originally taken out the mortgage, and the calls a few months later in relation to her product switch. Having done so, he was satisfied that West Brom hadn't told Ms B that interest rates were increasing.

The Investigator was sympathetic to Ms B's position, but overall he found that it was Ms B's belief that interest rates might rise that drove her decision to fix her interest rate, rather than anything West Brom said or did.

Ms B disagreed with the Investigator's findings and asked for an Ombudsman to review the complaint. She's provided another call recording from 11 July 2022, which she said West Brom told her interest rates were increasing.

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 confirm I've listened to all the call recordings, including the call from 11 July 2022, which wasn't available to the Investigator. Ms B quoted part of this call in an email, saying this was evidence that she was told interest rates were rising. The extract Miss B provided was as follows:

Adviser in relation to [Ms B's] rate: *'It is rising and it is rising again in August'*
Adviser in relation to [Ms B's] rate to the base rate: *'They meet every Thursday, the Bank of England and if they put it up we go up.'*

However, the selected snippet Ms B has quoted does not, in my opinion, support her contention that she was told interest rates would continue to rise, if what was said is considered in the context of the entire conversation. In addition, the call was not with an adviser, but was with a call handler.

Taken in context, this is what actually happened during the call of 11 July 2022.

Ms B began by explaining the reason for her call. She said her mortgage was on SVR, and that this had recently increased, and she was getting nervous about it. Ms B wondered if it was worth fixing her interest rate – she'd seen a product at 3.19% on West Brom's website – and she wanted to speak to someone to make an informed decision. Miss W said that she'd been led to believe SVR had only changed twice when she made the decision to take the discounted rate.

The call handler said she'd need to book Ms B an appointment with an adviser, and took her details to find the account on the system. The call handler said that Ms B was on a discounted rate product of 2.7% below SVR. Ms B said that the rate had gone up from 1 July 2022, but the rate had changed again since then and Ms B wasn't sure if this took effect from July or August. The call handler confirmed that it would be August when the next rate change would apply.

Ms B asked whether she could reserve the 3.19% for six months, because at the moment the payments on this were more than on her current discounted rate. In response, the call handler said:

West Brom: *Essentially your product matures May 24, so you've got another two years on your product, but when you go through the questions with the adviser, what they'll ask you obviously is if the early repayment charge or anything like that outweighs the interest, so if it is the case – they'll give you a financial opinion as well – to see if it's beneficial for you to move over to a new product or if it's just better for you to stay and wait out the variable because it is rising, so obviously it's rising again in August, which is the 2.09, and it's very unpredictable at the moment because they meet every, I think it's every Thursday, every month on a Thursday they'll meet, the Bank of England, and if they put it up, then we go up. So ...it is...it's one of those that, if you're on a base rate where you track, if you track [unintelligible] variable because you're always gonna move up and down.*

Ms B: *But this is the thing, the rate that I'm with, it doesn't track the base rate, I guess it's informed by it to an extent but it tracks the standard variable rate.*

West Brom: *If they go up, we go up, yeah ...*

The rest of the call was spent on the call handler booking Ms B in for an appointment with a mortgage adviser, and Ms B asking if there were any potential product changes. The call handler said she couldn't see any on her system.

There is nothing in that call to show that West Brom said interest rates would continue to increase. The discussion about the rate going up was in relation to Ms B's concerns that she'd been told about an interest rate increase in July 2022, and that there'd be another from August 2022. But I'm satisfied the call handler made it clear that the rate could go up or down, depending on movement in BOEBR. I therefore don't accept that during this call Ms B was told that interest rates would continue to increase.

Ms B also says that if she'd known before taking out the fixed rate from 1 September 2022 that on 25 October 2022 West Brom would introduce a SVR based on LTV for which she'd have qualified, she'd have stayed on her variable rate. Ms B says she should have been told about this before switching.

Decisions about which products to offer to the market are made at senior level and are not made known to customer-facing staff until they come into effect. So mortgage staff dealing with Ms B's application in July and August 2022 would not have been aware of any impending change to SVR that would only be announced on 18 October 2022.

In addition, the announcement made by West Brom about the SVR linked to LTV says it would only come into effect once any existing product came to an end. In this context, an "existing product" means a fixed or discounted interest rate product. Therefore, Ms B wouldn't have been eligible for the reduced SVR based on her LTV until her existing product came to an end. If she'd stayed on her discounted rate, this would have been in May 2024.

Having listened to all the calls, and taken note of everything Ms B has said, I've found no evidence to support her contention that she was told by West Brom that SVR would continue to increase. Rather, the calls show that it was Ms B's own concerns about potential interest rate increases and the cost of living that drove her decision to switch to a fixed rate.

I appreciate that, with hindsight, Ms B wishes she hadn't switched to a fixed rate. Looking at interest rate movement after September 2022, I'm not persuaded that fixing the rate was a

'wrong' decision. West Brom's SVR continued to increase, and so it's clear that within a few months Ms B would have found her discounted rate of 2.7% below SVR to have been higher than the 3.19% fixed rate she agreed to take. And as noted above, the SVR linked to LTV announced in October 2022 would only have applied when her existing product came to an end, so she wouldn't have benefitted from it until May 2024.

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 Ms B to accept or reject my decision before 21 November 2024.

Jan O'Leary
Ombudsman