

The complaint

Mr and Mrs R complain that they based their remortgage plans on the balance showing on the live system for Accord Mortgages Limited, but three months later, the redemption balance was higher than this. They said that couldn't possibly be right.

What happened

Whilst this complaint is brought by both Mr and Mrs R, as the mortgage is in both their names, our dealings have been with Mr R. So I'll mainly refer to him in this decision.

Mr R said he and his broker started preparing to remortgage away from Accord in November 2023. He said his broker used the mortgage balance then showing on Accord's live system, which was £321,085, with an Early Repayment Charge ("ERC") of £2,737 on 2 November 2023. Mr R said he'd since asked Accord for the balance on 1 November 2023, and that figure was £321,043.33

Mr R said he and his broker then applied for a mortgage elsewhere. Based on the figure on 2 November, they had worked out that redemption at the start of February 2023 would mean Mr R would need to borrow £323,822 including the ERC. Mr R said he thought this should have provided enough buffer to complete the transaction without having to pay any additional money, especially as he'd made his mortgage payments for December and January on this repayment mortgage. But he discovered in January that he wouldn't have enough for completion, and he had to pay £825.62 to complete the transfer.

Mr R said the closing balance on his redemption statement was higher than the balance on Accord's live system at the start of November. And the ERC was affected as a result. He thought that couldn't possibly be right. So one of these things had to be wrong. Mr R questioned the redemption figure he got. Or, Mr R said, if the redemption figure was right, then why didn't the Accord live system reflect the true figures? He said either way, the problem he'd faced with a shortfall on his new borrowing had to be Accord's fault.

Mr R said he'd had to take extra borrowing to be able to complete the remortgage. That put him in a difficult position financially, causing many sleepless nights and stress. He wanted Accord to pay back the shortfall, and compensation for the distress all this had caused.

Accord didn't think it had done anything wrong. It said that Mr R had checked the balance on his mortgage just after a payment was made. The mortgage balance is at its very lowest then, but it climbs again during the following month, as daily interest is added. It sent our service printouts of the mortgage, showing the balance changes depending on the day of the month. It said that was why the balance Mr R saw on 1 and 2 November 2023 was lower than the figure needed for redemption.

Accord said that if someone's looking to redeem, they need to request a redemption statement. And it said the figures on the redemption statements it had sent to Mr R were right. It first issued a statement on 12 January 2024, which gave the figure for redemption on 02 February 2024. And it thought that meant Mr R did have time to make arrangements to cover the shortfall.

Our investigator didn't think this complaint should be upheld. He said Mr R and his broker shouldn't have relied on the online figure. The redemption figure was correct, Mr and Mrs R hadn't been overcharged. But that didn't mean the figures available on 1 and 2 November were wrong. They just hadn't taken account of interest yet to be charged.

Mr R wrote to say he disagreed. He didn't think our service had understood things. He said that on 1 November 2023, the balance was £321,043.33. This was shown on the letter Accord sent. But on 1 January 2024, the balance brought forward was £322,008.15. this was shown on the redemption statement dated 29 January 2024. So he said that meant in two months, on a repayment mortgage where he was paying just under £1,500 per month, his balance had gone up. That couldn't possibly be right.

Mr R said that if we took the balance of £321,043.33 from 1 November, we added two months of interest, and subtracted two monthly payments, then the balance should be about £320,625.37 on 1 January 2024. But Accord's redemption statement said it was £322,008.15.

Mr R wanted his complaint to be considered by an ombudsman, so it was passed to me for a final 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.

I've reached the same overall conclusion on this complaint as our investigator.

Accord has explained that interest is added to Mr R's lending on a daily basis. But it only asks Mr R for payment once a month. This means the balance of this mortgage fluctuates over the month.

When Mr R makes his payment, the balance reduces, by the amount of that payment. Mr R was paying a little under £1,500 per month, so there's a very sharp drop in his mortgage balance, immediately after this payment is made.

Then, over the course of the next month, the balance steadily rises again. Mr R was paying around £40 a day in interest on this mortgage, so each day after his monthly payment is made, the balance is increasing again, until it is only a couple of hundred pounds less than the highest balance shown for the month before. But then another monthly payment is made, when again, the balance drops sharply.

Accord's live system shows a live balance. So it gives the balance as it is on the day the system is checked. It's very important, if someone's using a live balance to work out how the mortgage is being repaid, to be aware of how close in time that live balance is, to when a payment was last made, and whether that payment has been included in the current balance, or not.

On 2 November 2023, Mr R had made his monthly payment for November. So when he and his broker took note of the balance, that balance was only just past its very lowest point in the monthly cycle I've described above.

The letter Mr R subsequently received, giving a balance for 1 November 2023, is stated to be at close of business on that day. So this appears to be a balance worked out after Mr R's monthly payment, and at the very lowest point in the monthly cycle.

Accord then provided a balance for 1 January 2024, on Mr R's redemption statement. But it's quite clear from that statement, that this balance is given before Mr R's monthly payment for January is taken into account. So then, the balance is at its very highest point.

Mr R says that can't be right, two months of interest and two months of payments between 1 November and 1 January, should reduce his balance. But the figures Mr R is comparing are from after his monthly payment of 1 November 2023, and then before his monthly payment of 1 January. So there were two months of daily interest charges, roughly, in this time, but only one monthly payment.

That also explains why Mr R's redemption figure was higher than he expected. His mortgage had incurred three months of interest between the close of business on 1 November 2023, and his redemption at the start of 1 February 2024, but he'd only made payments for December and January. (There's no suggestion Mr R missed a payment here, it's just that his November payment was already taken into account in the figure given for 1 November 2023.)

Our service doesn't audit mortgages, so it's not part of my role to endorse the final figure that Accord gave. But I have considered the figures and the explanation Accord has given, and I don't think Accord has made the sort of mistake that Mr R suggests here. I know that Mr R will be disappointed, but I don't think this complaint should be upheld.

My final decision

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R and Mrs R to accept or reject my decision before 15 October 2024.

Esther Absalom-Gough

Ombudsman