

## **The complaint**

Mr N and Mrs T's complaint is about a mortgage they hold with TSB Bank plc. They don't think they were given sufficient information when they applied for a new interest rate product and this meant they chose a start date for the new product that meant the mortgage moved to a reversionary variable interest rate for a month.

## **What happened**

Mr N and Mrs T took out their mortgage with TSB in 2018. The interest rate product attached to it in 2020 was due to end on 30 November 2022. The offer they were given in 2020 when the product was attached to the mortgage confirmed that the mortgage would revert to a variable rate of interest after the product ended.

Mr N and Mrs T applied for a new product online at the end of September 2022. They had the option for the new product to start at the beginning of November, December or January. Mr N and Mrs T chose to have the new product start on 1 January 2023.

On 11 October 2022 Mr N called TSB to check that the product application had gone through. TSB confirmed that it had and that the new product would take effect from January 2023.

On 31 October 2022 TSB wrote to Mr N and Mrs T to remind them that the interest rate product was due to end on 30 November 2022. The letter confirmed they could apply for a new product, otherwise the mortgage would move on to the variable reversionary rate. Mr N and Mrs T didn't contact TSB following receiving this letter to try to change the start date of the new product and so the mortgage went on to the reversionary rate for December 2022. This was a higher interest rate than either the old or new products.

Mr N called TSB on 1 December 2022 to question why the payment taken was different. TSB explained that the mortgage would be on the variable rate for a month and move onto the fixed rate from January 2023.

Mr N and Mrs T complained to TSB in January 2024 saying that it had not told them that if they chose to have their new product start in January 2023 the mortgage would revert to the variable rate for December 2022. They said they had assumed the mortgage would remain on the existing rate, i.e. that the existing product would be extended by a month.

TSB responded to the complaint in a letter dated 17 January 2024. It set out what had happened and confirmed that it didn't think it had done anything wrong.

Mr N and Mrs T were not happy with the response and referred their complaint to this Service. One of our Investigators considered the complaint, but she didn't recommend that it be upheld. Mr N and Mrs T didn't accept the Investigator's conclusions. They said TSB offered them different start dates for the new product without telling them that they would pay the variable rate in the intervening period. They also questioned the Investigator describing

the process they went through as a new product application, rather than a rate switch/renewal.

The Investigator clarified the use of language, but Mr N and Mrs T still disagreed with the outcome. As such, it was decided the complaint should be referred to an Ombudsman for review.

### **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.

When Mr N and Mrs T took out the existing product in 2020 the offer they accepted explained that the product would end on 30 November 2022 and the mortgage would revert to a variable interest rate. It would appear that Mr N and Mrs T were aware of when their product was due to end as they started the process to take out a new product in September 2022, before TSB had reminded them of the end date of their existing product.

Mr N and Mrs T used TSB's online system to arrange their new product. When they did so TSB explained that they could use that system if they didn't require advice or support from it to select the new product. TSB also explained that it would not be responsible for whether the new product was suitable for Mr N and Mrs T.

Mr N and Mrs T chose to start their new product from 1 January 2023, in the knowledge that their existing product ended a month before that. They told TSB when they made their complaint that they assumed the existing product rate would effectively be extended until the new one started. That wasn't the case and nothing that TSB provided to Mr N and Mrs T would have indicated that it would be. I can't hold TSB responsible for the assumption that was made.

Mr N and Mrs T have complained that TSB didn't highlight to them when they selected a start date of January 2023 that this would mean the mortgage would go on to the reversionary rate for a month. TSB didn't have to do this and, as I have highlighted above, Mr N and Mrs T, by using the online system confirmed that they didn't need any advice or support in their application.

I know this will disappoint Mr N and Mrs T, but I am not persuaded that TSB did anything wrong or should have done more.

### **My final decision**

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I am required to ask Mr N and Mrs T to accept or reject my decision before 28 October 2024.

Derry Baxter

**Ombudsman**