

## **The complaint**

Mr and Mrs W complain that The Mortgage Works (UK) Plc ("TMW") dealt unfairly with an overpayment they made.

## **What happened**

Mr and Mrs W have a buy to let interest-only mortgage with TMW. On 7 February 2024 Mr and Mrs W made a capital repayment to their mortgage of £12,849.50. but say they were charged interest on the mortgage balance as it stood before the overpayment until the end of that month. TMW says that this mortgage operated on a monthly interest basis and that it charges interest for the whole of the month on the mortgage debt as at the end of the previous month. So, it says that it reduced the mortgage balance immediately when the overpayment was made and reduced the interest charged in March based on the mortgage balance at the end of February. Our investigator's view was that TMW adjusted the account in accordance with the agreed terms and conditions, Mr and Mrs W disagreed and asked for a 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.

I thank Mr and Mrs W for the submissions which they have made and which I've carefully considered. My role is to decide what is fair and reasonable in the circumstances and central to that is If Mr and Mrs W were to make an overpayment on this buy to let mortgage, as they did, what would they reasonably expect to happen? They should expect that TMW treats their overpayment in accordance with how it says it will treat it in the mortgage offer. In the mortgage offer there is a section 11 headed "*What happens if you want to make overpayments?*" I assume that Mr and Mrs W would have read that section as the overpayment they make is the actual figure quoted in that section. It says:

*"If you make an overpayment the amount you owe us will be reduced immediately and the amount of interest you pay, will be reduced from the first day of the following month"*

So, I consider that anyone reading that should be clear that although the payment would reduce the amount owed, the reduction in interest will benefit the account in the following month. Mr and Mrs W mention inconsistencies they say exists within TMW's terms and conditions. But this section which is the relevant section that deals with what Mr and Mrs W were doing at the time is clear and I don't consider that its likely that Mr and Ms W were confused when they made this payment by references to how interest was calculated in other parts of the document. Nor do I consider there was unfairness to Mr and Mrs W. They should know from the mortgage offer how TMW was going to handle the overpayment and could have adjusted making the payment to later in the month if they wanted to keep the overpayment in savings until then. So, for the above reasons I can't fairly uphold this complaint.

**My final decision**

My decision is that I do not uphold this complaint.

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

Gerard McManus  
**Ombudsman**