

The complaint

Mr A complained both about what happened when he applied to TSB Bank plc for a new fixed interest rate on his mortgage with it, and also about what happened when he then asked TSB to cancel this rate before it was applied.

What happened

Mr A said that his existing fixed interest rate on his mortgage was due to expire, and he needed to put a new rate in place. Mr A said he mistakenly only rang TSB about this in December, which was after his old rate had expired. Mr A said he'd paid the Standard Variable Rate in December, and that was a lot of money. So he asked TSB to backdate the new fixed rate to the start of December, as a gesture of goodwill, but it wouldn't do so.

Mr A completed an application for a new five year fixed rate for his mortgage in late December, but he said the payment he was supposed to make to secure his new rate failed. Mr A told us TSB had accepted that was its fault. So he said TSB had agreed to backdate his new interest rate to the start of January, which is when it would have taken effect if the payment had cleared.

Mr A said he then spoke to TSB in early January, and he was told the new rate would not be applied until February, after all. Mr A said TSB said it would ring him back the next day about this, and it did so, but Mr A said TSB just confirmed the same thing, that his new rate wouldn't be applied until February.

Mr A said he asked to cancel his rate then. Mr A said he believed, when he asked this, that this would not be possible, because he said he'd been told when going through an earlier application that the rate couldn't be cancelled once the application was done.

But Mr A said TSB then did cancel the rate immediately. Mr A said he was now struggling to get a mortgage elsewhere.

TSB didn't say quite the same thing. It agreed that Mr A's old fixed rate ended on 30 November 2023. TSB said it had written to him to tell him this. It said Mr A then applied for a new rate, on 23 December.

TSB said Mr A pays his mortgage towards the end of the month, and he called on 29 December to say he was surprised that his mortgage payment that month had been so much higher. TSB said this was because Mr A's old rate had already expired, and the new rate he'd tried to take out in late December wouldn't be applied until January.

TSB said Mr A asked it to backdate this rate to the start of December, but TSB wouldn't do that.

TSB said there had been a problem with the payment Mr A was supposed to make, as part of his late December rate switch application. TSB hasn't accepted this was its fault, but it said because it could tell Mr A had intended to make the payment at the end of December, if he made that payment now it would make sure his new rate was applied from the start of

January.

TSB said Mr A then called on 9 January, and it made a mistake on that call, because it said his new rate wouldn't take effect until February.

TSB said it spoke to Mr A again on 10 January, and corrected this mistake, but Mr A still wanted to cancel his new mortgage rate, so TSB did that for him the same day.

TSB said Mr A then called on 6 March, to say he was unhappy his rate switch had been cancelled, but TSB said it had simply actioned Mr A's earlier request. TSB said it wasn't its fault that it was taking longer for Mr A to secure a mortgage elsewhere.

TSB said it did think it should have paid back the product fee Mr A had paid in January, before he complained in March. So it paid that back, and it also paid interest at 8% simple on that money, while TSB held it.

TSB also paid Mr A £150 in compensation. It didn't think it had to do any more than that.

Our investigator didn't think this complaint should be upheld. She said she could see that Mr A's old fixed rate expired at the end of November 2023. She said TSB had shown us it wrote to tell Mr A this.

Mr A applied for a new rate in December. Although this didn't go through right away, our investigator said it was clear that TSB always intended to backdate the rate and collect the lower amount in January through direct debit, once Mr A had paid the product fee for this new interest rate product. Our investigator said TSB had shown us it had internal arrangements in place to make sure this happened. But she accepted that when Mr A called TSB on 9 January 2024, its agent could not see the relevant details.

Our investigator said TSB called Mr A back the next day, and corrected its mistake, confirming Mr A wouldn't be paying the higher SVR for January. But Mr A remained unhappy, and said he wanted to cancel the new rate.

When TSB did cancel, our investigator said it was just doing as Mr A had asked. She didn't think that was unfair or unreasonable.

Our investigator said TSB's actions should not have affected Mr A's ability to secure deals elsewhere. She said that Mr A should talk further with any lender suggesting that.

Our investigator said TSB had refunded the product fee Mr A paid, and paid £150 in compensation. She thought that was fair, and didn't think it had to do more.

Mr A disagreed. He wanted to know if TSB had stated that entering into a fixed rate deal was irrevocable. And he said that our investigator's version of the call on 10 January was quite wrong. Mr A felt very strongly about this second point.

Mr A also said he didn't think that our service should have looked at facts outside of his core complaint. He said that our investigation was flawed, and perhaps clouded by irrelevant items that had no bearing on the case.

Our investigator said she had been able to listen to the calls Mr A had with TSB, and they weren't quite as Mr A remembered them. She set out the content of those calls for Mr A, and she forwarded the call recordings to him.

Our investigator said Mr A had already mentioned that he was thinking of moving his

mortgage elsewhere, before TSB made a mistake on the 9 January call. And TSB had said earlier that if he did apply for a new rate, then Mr A would be tied into that. She said TSB didn't accept it was at fault for Mr A's payment for the new rate not clearing, but it had offered to backdate Mr A's rate to the start of January. TSB said this would require some technical work behind the scenes, and it was this work that the agent wasn't aware of on 9 January, when she gave Mr A wrong information. But our investigator said this was corrected the following day, and TSB had apologised. Mr A said on that call he wanted to cancel his rate switch, and TSB actioned this request.

Mr A then got in touch to say he couldn't listen to the recordings from 3 January. He said that would be when he was told the mortgage was going to start in February. He still thought it was TSB's fault he'd decided to move provider.

When Mr A had listened to the calls, he said that he thought TSB had intentionally not forwarded some conversations to us. He said he'd started the process of moving his mortgage on 3 January, because of what TSB had told him. And he said that by 10 January, it was too late. Mr A also said that if he'd stayed with TSB after its very late acceptance of error, on 10 January, he would have lost the product fee he had already paid to another bank. Mr A said TSB had only paid £150 for holding onto his product fee for months, and he thought this was entirely unacceptable.

Because no agreement was reached, this case then came 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.

Mr A said our service had considered irrelevant material, in investigating his complaint. As an independent body, it's for our service to decide what it is appropriate for us to consider, when we're looking into a complaint. And looking at previous events, for example, checking that the offer that Mr A took out in 2018 did indeed expire in 2023, may well be relevant to our considerations.

Here, I can see that the offer Mr A took out in 2018 was a fixed rate until 30 November 2023. I can hear that Mr A accepted on his calls with TSB that he didn't apply for a new rate before his old rate expired. I know Mr A said he didn't get the more recent letter TSB sent telling him his old rate was due to expire, but I don't think that was TSB's fault. And I don't think TSB had to backdate the application Mr A then made in late December for a new fixed rate, so that it took effect from the start of December.

Mr A went through a new rate application at the end of December. Mr A spoke to TSB then, he said he was aware that his other bank (where he already holds a different mortgage) was offering a better rate, but at this time he didn't want to move his mortgage.

Mr A told us he had a problem making the payment for his fixed rate, and TSB had accepted this was its fault. I can't see that TSB has accepted this was its fault, and I'm not clear that TSB was responsible for this. But I don't think I need to reach a final decision on that. That's because, if TSB was responsible for this mistake, then I would have expected TSB to backdate Mr A's new mortgage rate to the start of January, when it would otherwise have started. And I can see that TSB had agreed to do that anyway. That was set out in the calls TSB had with Mr A on 3 January, and confirmed in writing in its letter of 3 January.

Mr A then spoke to TSB on 9 January. Mr A was given misleading and unhelpful information on this call, because he was told that his new rate would not be applied until 1 February. Mr A then drew TSB's attention to his previous complaint.

TSB has explained the technical reasons why its agent couldn't see that the rate Mr A had applied for, was going to start in January. It said Mr A's application had been processed automatically to start on 1 February, and it then needed to wait a few days before it could take the manual steps required to backdate the rate change to January. So TSB says it was still intending to do what it had promised Mr A in its letter of 3 January, and his monthly payment in late January would be at the lower amount charged on his new interest rate. I do think that this had remained TSB's intention throughout.

But TSB has also confirmed its agent couldn't see that was going to happen, and that's why Mr A was given some unhelpful information.

I note that after Mr A challenged the agent on the 9 January call, saying he'd been told his rate would be backdated to the start of January, the agent said she would need to look into things for Mr A, and would call him back the next day. But Mr A said then that he was very upset, and he wanted to move away from TSB. He was clear that he wanted to cancel this rate. He repeated this a number of times on the call, and explained he was extremely disappointed with TSB. He also said he was still in the cooling off period.

A rate switch on a mortgage doesn't have a 14 day cooling off period, like some other financial products do. And if a rate switch is only booked a few days before it is due to come into effect, it's not usually possible to cancel. But because Mr A's new fixed rate was still due to apply at the start of February (as TSB hadn't yet backdated it) and he was still in the early part of January, he could still cancel.

TSB did not say on this call that it would cancel Mr A's new mortgage rate. Instead, it said it would ring Mr A back the next day.

TSB then spoke to Mr A again on 10 January. On that call, the agent said she was sorry, the information she had initially given the day before was wrong, and he would be charged the lower rate in January. This is in line with the resolution that TSB had offered Mr A on 3 January.

Mr A said he was still upset, and he now wanted to cancel this new rate. He asked on this call if it was still possible to cancel, and what he needed to do to action that. Again, Mr A repeated this a number of times on the call, and he said "*I need that done now.*" Mr A said he didn't want to be stuck with TSB for five years.

TSB then rang Mr A back, to confirm the new rate on his mortgage had been cancelled. It said it would refund Mr A's product fee.

We know that TSB didn't refund that fee promptly. It has apologised for this, and paid Mr A interest at 8% simple on the money while Mr A didn't have it. I think that provides a fair and reasonable outcome to this part of Mr A's complaint.

Returning to the second call on 10 January, Mr A said TSB should have waited until he'd put a different mortgage in place, with another bank, and he said he would speak to his other lender right away.

I don't think TSB made a mistake by cancelling Mr A's new rate, right away. Mr A had made a clear and repeated request for this, and TSB simply actioned that request.

The comments Mr A made on this call, as well as his suggestion that he expected TSB to turn down his request to cancel the rate, and his later request that TSB should reinstate his rate switch, don't seem to me to be consistent with what Mr A later said about having already paid a product fee to another lender for a new mortgage by 10 January.

Mr A has said to us recently that he thinks TSB must have deliberately withheld evidence from our service, in the form of additional, directly relevant, call recordings. That is a very serious accusation, and having listened to all the calls here, I don't think there's anything in this case to suggest that may have happened.

I understand it then took Mr A longer than he had hoped to get an alternative mortgage in place. And TSB told us that in March, Mr A asked it to put the rate he'd applied for in December, back onto his mortgage. TSB said it wouldn't do that. I don't think TSB had to allow Mr A to change his mind about cancelling this rate, a couple of months later.

I note that Mr A then redeemed his TSB mortgage. He was able to do that without paying an early repayment charge, because TSB hadn't put the five-year fixed rate back onto his mortgage.

I don't think TSB has to refund part of the payments Mr A made from January 2024, until his mortgage was redeemed, to reflect that he was on the SVR during this period.

I have considered Mr A's complaint in full, but I do think that the payment of £150 that TSB made, and the refund of Mr A's product fee plus interest, do provide a fair and reasonable outcome to this complaint. I don't think TSB has to do more now than it has done already. Although I know Mr A will be disappointed, that means this complaint will not be upheld.

My final decision

I don't uphold this complaint.

R Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 4 November 2024.

Esther Absalom-Gough
Ombudsman