

The complaint

Mr S, Mrs S and Mr H complain that they weren't notified when the fixed interest rate period on their mortgage with Clydesdale Bank trading as Virgin Money was coming to an end. The monthly payments increased very significantly as a result.

What happened

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

Mr S told us that he and Mrs S, and Mr H, have a mortgage with Clydesdale. Mr and Mrs S live in the mortgaged property. Mr H lives elsewhere, he is named on the mortgage but not on the deeds of the property.

Mr S told us the mortgage started in 2022. The first payment came out in February or March, and the mortgage was initially on a two year fixed rate. Mr S said he didn't get a copy of the mortgage offer from Clydesdale, and had to request this. Mr S said he asked then for all the documentation for this mortgage to be sent to the address of the mortgaged property, because it turned out that Clydesdale was sending the documentation only to Mr H's address. Mr S said he still didn't receive the offer, eventually it slipped his mind, and he assumed he would wait to hear from Clydesdale that the fixed interest rate was coming to an end. Mr S said the first payment on the mortgage was in February or March 2022, and the rate was fixed for two years, so he expected it would end in February or March 2024.

Mr S said that when Mr H returned home from a holiday in January 2024, he found a letter from Clydesdale saying that the mortgage was now on Clydesdale's variable rate. The payments went up from £1,300 a month to over £6,200 a month. Mr S said that he managed to fix a new rate for April 2024, but had to pay the variable rate for February and March.

Mr S said he asked Clydesdale right away why the fixed rate had ended early, and was told it hadn't, the rate ran from December 2021 until December 2023. Mr S then asked why he hadn't received a letter about this at his address, and he said Clydesdale told him it had no record of him requesting correspondence be sent there. Clydesdale told him it doesn't have to send letters telling customers that their fixed interest rates are coming to an end, but it said it had sent a letter about this on 21 November 2023 to Mr H's address.

Mr S said Mr H hadn't received this letter, and he said Clydesdale couldn't show them it had actually been sent.

Mr S wanted Clydesdale to refund onto his mortgage, the difference between the £1,300 payment in January and the £6,200 payments for February and March, using that to reduce the future payments. But he said Clydesdale didn't think it had done anything wrong. It had only offered £100 in compensation. Mr S said he'd been badly affected financially, and had to borrow money to cover the additional payments in February and March. If he'd been told about the upcoming change, he would have fixed a new rate before the old one ended.

Clydesdale said that the fixed interest rate on Mr S's mortgage ended on 31 December

2023. It had sent a reminder on 21 November 2023, then wrote again about the new payment amount in January 2024. It didn't think it had done anything wrong. Clydesdale said it had no record of Mr S asking in early 2022 for all correspondence to go to the mortgaged property. It did have call recordings from around the time, including a record of Mr S asking for the offer to be emailed to him, and it sent those to our service.

Our investigator didn't think this complaint should be upheld. She said when the mortgage was set up, Mr H's address was given for correspondence, and she couldn't see on the contact notes that Mr S had then requested that the correspondence address should be updated to the security address. So our investigator didn't think Clydesdale had done anything wrong by sending post to Mr H's address.

When Clydesdale confirmed the amount of the first payment, that letter was sent to the property address. But he hadn't received correspondence after this. Our investigator said Mr S hadn't been receiving statements either, as these were sent to Mr H, and she thought that Mr S could have followed up with Clydesdale to check the address they were using.

Mr S spoke to Clydesdale on 3 March 2022, to say that he would like an emailed copy of his mortgage offer. Our investigator said it seemed reasonable to assume that Mr S had then received the offer, which told him about the fixed interest rate. And our investigator said she'd seen the relevant mortgage offer, and the fixed rate did end on 31 December 2023.

Our investigator also thought that Clydesdale had written to Mr H's address to say the fixed interest rate was ending, in November 2023. She said Clydesdale had provided an audit trail to show this letter was sent.

Our investigator said she appreciated that it would be distressing not to realise until late January 2024 that a monthly mortgage payment was going to rise by so much, but she didn't think Clydesdale could fairly be held responsible for the increased payments. She said that Clydesdale had offered Mr S £100 in compensation, and although our investigator didn't think Clydesdale had acted unfairly, she did think the offer of compensation was reasonable.

Mr S didn't agree. He said if Clydesdale hadn't kept a record of him asking for correspondence to be sent to his address, then that was Clydesdale's mistake. He also told us about some difficult personal circumstances he was dealing with in early 2022. Finally, Mr S said he didn't believe that Clydesdale had written to Mr H's address to say that the fixed interest rate was ending, because he said it hadn't been able to offer any proof of that.

Our investigator didn't change his mind. She was sorry to hear that Mr S had been through a difficult time, but she said that statements continued to be sent to Mr H's address, and if Mr S wanted correspondence to be sent to him, then there was an onus on him to ensure that was done. And our investigator did think the letter Clydesdale mentioned from 21 November 2023 had been sent.

Mr S said that Clydesdale hadn't evidenced the letter of 21 November 2023 was sent, and he thought we shouldn't accept that unless Clydesdale could show us the letter itself.

Because no agreement was reached, this case was then 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.

Mr S has told us about some difficult personal circumstances he was dealing with in 2022, when he contacted Clydesdale to ask it to resend the offer document that he hadn't received. Mr S says this still wasn't sent, and if it had been, he would have known when the fixed rate ended.

Mr S also said that he expected the fixed rate to end in February or March 2024, because his first payment on this mortgage was February or March 2022. Clydesdale has shown our service that the first payment on this mortgage was made in February 2022, but this mortgage was drawn down in late December 2021. So Mr S had benefitted from just over two years on the fixed rate, when it ended at the end of December 2023.

Mr S has also told our service that he's very familiar with mortgages and their administration, and he's very cautious with paperwork. So I would have expected Mr S to be aware that he hadn't received either of the two annual statements that he would presumably have been anticipating, since 2021. I can see that these were both sent to the alternative address, for the third person named on this mortgage, Mr H.

Clydesdale says it also sent a letter on 21 November 2023 to the same address, to remind the borrowers that their fixed interest rate was ending. Clydesdale has shown our service a record of this letter being issued on that date, but Mr S is adamant that this cannot have been sent, because Clydesdale hasn't offered a copy of this letter.

This letter is in a standard form, and requires considerably less in the way of personalisation than some of the other correspondence Clydesdale issues. Clydesdale has told our service that it outsources the production of these letters, and that's why it doesn't have its own copy of this standard form letter.

When there's a dispute about the facts in a case, I have to decide what is most likely to have happened. And here, I think it's most likely that this letter was sent by Clydesdale. I don't know why it wasn't safely received by Mr H and passed to Mr and Mrs S, but I'm not able to say that is most likely to be Clydesdale's fault.

Mr S is adamant that he did ask Clydesdale to send post to his address, in 2022. I have heard the call where he requested a copy of his offer, and I don't think he also asked for all future correspondence to go to his address on that call. Clydesdale cannot find any other such request. But I don't think anything turns on that here. That's because Clydesdale has apologised if Mr S did ask it to send post to the security address in 2022, and it's offered £100 to say sorry for that.

I do think that provides a fair outcome to Mr S's complaint that a request in 2022 to also send post to his home wasn't acted on. But I don't think, even if Clydesdale did overlook a request by Mr S to send post to his address in 2022, that would mean Clydesdale has to pay Mr S back the money he wasn't expecting to pay towards his mortgage in February and March 2024. That's because I don't think failure to action any such instruction in early 2022, isn't why Mr S didn't get a letter in late 2023 which told him that his fixed interest rate was ending. I think that happened because Mr S either didn't mind, or didn't notice, that correspondence for his mortgage since 2022 was only going to the other mortgage holder's address, and didn't query this again with Clydesdale.

I appreciate that the unexpected end to his fixed interest rate did mean a very sizeable jump in the monthly mortgage payments for Mr and Mrs S. I know that these unexpected costs have proved difficult for Mr and Mrs S, and I've been sorry to hear that. So I understand that my decision will be disappointing for them, 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 H, Mr S and Mrs S to accept or reject my decision before 8 January 2025.

Esther Absalom-Gough
Ombudsman