

## **The complaint**

Mr B and Mr S complained that the mortgage they took out through Connells Limited was supposed to have a five year fixed interest rate period, but they've recently found out the fixed rate will end some months short of five years.

## **What happened**

In 2020, Mr B and Mr S took a mortgage out with the assistance of a broker working under the umbrella of Connells. They said they were sold a five year fixed rate mortgage but have recently discovered the fixed rate won't run for the full five years. They said this would affect them financially from April 2025, and they wanted Connells to compensate them for the difference between their current fixed rate, and the rate they'll move onto after April 2025, for four months.

Mr B and Mr S sent our service a mortgage illustration dated 21 March 2020. The illustration said the mortgage had a fixed rate until 30 April 2025, and that would mean they would make 60 monthly payments on the fixed rate.

Connells didn't think it had done anything wrong. It said it had discussed Mr B and Mr S's mortgage needs with them in 2020, and they wanted a fixed rate for five years. Its broker recommended the most competitive mortgage product which suited their needs and mortgage preferences. The mortgage illustration showed when their fixed rate would end, and they had been sent a copy of the subsequent mortgage offer.

Connells also said that once the mortgage had completed, in August 2020, Mr B and Mr S would have been sent correspondence by their lender, which would also have contained the details of the fixed interest rate period, including annual mortgage statements setting out the remaining term of the fixed interest rate.

Connells thought Mr B and Mr S had been provided with paperwork that clearly showed when the fixed interest rate period would end. So it didn't uphold their complaint.

Our investigator didn't uphold this complaint. She said she'd seen the paperwork Mr B and Mr S were given when they took out this mortgage, and that did set out when the fixed interest rate ended. So she said Mr B and Mr S were made aware from the start that the fixed rate would end in April 2025, regardless of when they completed their purchase. And that's what they agreed to. So she couldn't say Connells had done anything wrong.

Connells accepted that, but Mr B and Mr S didn't. They said the information they received was conflicting, stating 60 months and then another date earlier than 60 months. So they said they believed the 60 months was correct, not the example dates.

Mr B and Mr S wanted their 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.

Mr B and Mr S said that they had received conflicting information, with the mortgage described as on a fixed rate for 60 months, but also with a specified end date. So they said they thought that it was the 60 months that was right, and the end date was just an example.

I can see the mortgage illustration that Mr B and Mr S received was produced in late March 2020, and the fixed interest rate was due to expire on 30 April 2025. So that meant there would be 60 payments on the fixed rate, and the illustration set this out for Mr B and Mr S.

However, the offer that Mr B and Mr S were then sent, dated 8 June 2020, specifies the same end date for the fixed interest rate, but only 58 payments at the fixed rate.

I don't know if Mr B and Mr S had expected the end date of their fixed interest rate to move forwards when the offer was issued. But if they had, I think this document made clear that it wouldn't, and the rate would end on 30 April 2025.

The offer also made clear that this would mean fewer payments on the fixed interest rate than Mr B and Mr S said they were expecting. So if there was confusion around this at the time, I would have expected Mr B and Mr S to ask about this, and they haven't suggested they did so.

Because of that, I do think that Mr B and Mr S received complete, and not conflicting, information about their mortgage before the offer was taken up.

Although mortgage fixed interest rates are often referred to as "five year" or "two year" as shorthand, it is more common for mortgages to have a predetermined end date for the fixed interest rate, rather than running for five years from the date of completion. I don't know if the mortgage advisor alerted Mr B and Mr S to this particular issue. But even if she didn't, I can see that she did compare the available interest rates at the time, and looked at the overall cost to Mr B and Mr S, before offering a recommendation based on their preference for the lowest overall monthly cost, rather than simply the lowest rate. And I also have to take into account that neither the mortgage advisor nor Mr B and Mr S are likely to have anticipated the sort of rises in interest rates that have taken place since 2020.

For those reasons, I think that even if the advisor hadn't drawn to Mr B and Mr S's attention that the fixed interest rate had a fixed end date, so would only run for 58 months, that Mr B and Mr S weren't likely to have made a different decision in 2020.

Because Mr B and Mr S were given full information on the offer they took up, and because I don't think it's likely that they would have made a different decision even with a more detailed explanation of their mortgage, I don't think Connells has to pay the difference between their existing fixed rate, and the variable rate they will move onto in April 2025, for four months, as Mr B and Mr S wanted.

I understand that Mr B and Mr S 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 B and Mr S to accept or reject my decision before 10 February 2025.

Esther Absalom-Gough  
**Ombudsman**