

The complaint

Mr and Mrs E complain that they were unable to port their existing Clydesdale Bank Plc mortgage product to a new property.

What happened

Mr and Mrs E took out a staff offset tracker mortgage with Clydesdale in 2013. In 2016, Mrs E stopped working for the bank. Mr and Mrs E say they visited a local branch and were told no changes needed to be made to the mortgage. Mr and Mrs E's mortgage remained on the staff concessionary rate.

In February 2024, Mr E contacted Clydesdale to ask about porting the product to a new property. Clydesdale initially told Mr E the product could be ported. As additional borrowing was needed, an appointment with a mortgage adviser was set for around three weeks later. During that appointment, the mortgage adviser told Mr E the product wasn't portable because Mrs E was no longer a staff member, so they weren't eligible.

Mr E complained that he had been told he could port the product previously. He said if he had been told it wasn't portable earlier then he would have looked at a mortgage elsewhere. Mr and Mrs E accepted a new mortgage with Clydesdale for the property in two parts, one on a fixed rate and one with an offset variable rate.

Clydesdale responded to Mr and Mrs E's complaint. It agreed Mr E had been incorrectly told the product could be ported to the new property when he first contacted it. But it said as the process continued, he was correctly told they didn't meet the criteria for the product to be ported. It said there was no evidence the staff tracker product was amended after Mrs E stopped working there. It said account statements and documentation provided to Mrs E when she left made it clear the onus was on the account holders to manage the account.

Mr and Mrs E didn't accept this and referred the complaint to our Service where one of our Investigators looked into the complaint. Our Investigator thought the complaint should be upheld. He thought Clydesdale should have removed the staff product in 2016 when Mrs E stopped working there, but there was no evidence this had happened. But he said Mr and Mrs E weren't eligible to port the product now as neither were staff members. He thought Clydesdale should pay Mr and Mrs E £100 for incorrectly telling them they could port the rate.

Clydesdale accepted this, but Mr and Mrs E didn't. Mr E said in summary that the terms and conditions of the mortgage said the product was portable, and they had been paying a higher interest rate over the years as they wanted to keep the offset function and thought they could port it to a new property. Mr E said Clydesdale had changed the terms and conditions by saying the product wasn't portable, and he should have been notified of any change in line with MCOB rules. He said they were told in branch in 2016 no changes were needed to the mortgage, and he thought it had reverted to an offset product, instead of a staff offset product. Mr E said they were under a tight timescale to purchase the property, and if he had known earlier he couldn't port the product, he would have looked at other lenders.

As Mr and Mrs E didn't agree with our Investigator, the complaint has been passed to me to consider and make 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.

At the ombudsman service we have a set of rules, which say what types of complaint we can (and can't) look at. That includes rules about who is eligible to bring a complaint. Usually, to be eligible a complaint must arise out of a relationship between a customer and a financial business. The difficulty in this case is that Mr and Mrs E only qualified for the staff rate because Mrs E was an employee of Clydesdale. That limits to some extent what I can consider as part of this complaint. I don't have the power to consider complaints that arise out of Mrs E's employment with Clydesdale – and that would include certain complaints about the staff rate and how that was administered. In saying that, I accept that Mr and Mrs E were consumers and had a regulated mortgage contract. I can consider how Clydesdale administered their mortgage.

I think it's important to explain that a mortgage is fixed to a property as a security. When a request is made to move the mortgage or 'port' it to a new property, the original mortgage is paid off and a new mortgage is taken out on the new property. But the interest rate product on the old mortgage can be carried over to the new mortgage, as long as the conditions to do so are met. In Mr and Mrs E's case, they wanted to port the staff offset tracker rate product they had to their new property. So, they needed to meet the conditions set out in order to do so.

The terms and conditions Mr and Mrs E agreed to in 2013 when taking out the mortgage said they could transfer the product to another property provided they met lending, affordability and eligibility criteria. It also said this was a concessionary rate because of Mrs E's employment at the bank, and if that employment ended it had the right to change the rate to a standard customer rate. The terms and conditions of the staff product arise from Mrs E's relationship with Clydesdale as an employee, and not as a customer of Clydesdale. So, I can't comment any further on the fairness of these terms and conditions.

But from what I've seen the terms and conditions did not guarantee the product would be portable, only that it would be if Mr and Mrs E met the bank's criteria. And as Mrs E was no longer a staff member, it would seem they didn't.

I appreciate Mr E thinks according to MCOB rules he should have been notified if the product was no longer portable as this would be a change to the mortgage contract. But I can't agree this was a change to the contract. There were always conditions that needed to be met for the product to be ported.

Mr E has said they understood the mortgage was changed to a standard offset tracker product, instead of a staff product, in 2016 after their visit to a branch. I've not been provided with any further evidence of this visit or what was discussed by either party, but I don't doubt Mr E's account of what happened. However, the mortgage has remained on a staff product, and ultimately Mr and Mrs E chose to keep this product over the years as they've said the offset and unlimited overpayment facilities were valuable to them. Mr E has said they've paid a higher interest rate than what was available to them with other products in order to keep these facilities, and that was Mr and Mrs E's choice. With the information I have available, I don't think Mr and Mrs E would have changed to a different product earlier if they had known it wouldn't be portable when they moved property in the future. I say this because Mr E has

explained that this product was beneficial to them, and I think they would have wanted to keep it for as long as they could.

I don't doubt that Mr and Mrs E believed they had been moved to a non-staff product. But this isn't what happened, and it was never an option for this to happen. I've reviewed Clydesdale's internal notes from the complaint which confirm a non-staff tracker rate product had not been available for some years before Mrs E stopped working for the bank. So, Mr and Mrs E would never have been able to port this product, or a non-staff version, to their new property. Mr and Mrs E have remained on this staff product for almost eight years following Mrs E's employment at the bank. It would have been reasonable for Clydesdale to remove this product in 2016 when Mrs E left, but it didn't, and I think Mr and Mrs E have benefitted from this. However, that doesn't mean Clydesdale need to continue to offer Mr and Mrs E this product, or port it to a new property now, if they are no longer eligible for the staff product.

I agree that Clydesdale should have been clearer about whether the product would be portable when Mr E first contacted them. It should have explained this would be subject to them meeting its criteria. Mr and Mrs E were expecting to have this product on their new mortgage for around three weeks before they were told they couldn't. This has obviously caused Mr and Mrs E upset. Mr E has said if he had been told at the outset it wasn't portable, he would have looked at a mortgage with other lenders. Mr E always had the option to look at other mortgages. I appreciate Mr E has said they had a tight timeframe to work in, but lending is never guaranteed and even though it was confirmed the product was portable, they still needed to complete an application. So, if Mr E wanted to look at other lenders, he had the option to do this. While I agree he was given misleading information in his initial contact, I don't think that prevented him from looking at other options with other lenders.

It's clear the loss of expectation that the product would be ported has caused Mr and Mrs E worry and upset, and it's right that Clydesdale compensates them for this. I think the payment of £100 represents a fair and reasonable way to put things right.

My final decision

I uphold this complaint and direct Clydesdale Bank Plc to pay Mr and Mrs E £100.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs E and Mr E to accept or reject my decision before 13 February 2025.



Emma Taskas
Ombudsman