

The complaint

Mr M complains that Metro Bank PLC has refused to offer him another interest rate product on his mortgage.

What happened

In 2022 Mr M took out a mortgage with Metro Bank on a fixed rate due to end on 28 March 2025.

In April 2024 Metro Bank called Mr M and asked him to provide some information as part of its due diligence checks. Mr M said he wasn't comfortable providing that information over the phone. It was agreed that Metro Bank would write to Mr M explaining what it needed, and he would visit a branch to provide the relevant information. The letter asked Mr M to provide evidence of how he was funding his monthly mortgage payments.

Mr M asked Metro Bank to provide the legal basis on which it was requesting the information, as he couldn't see anything in the terms and conditions that required him to provide it.

Metro Bank wrote to Mr M on 1 July 2024 to tell him that when his fixed interest rate product ends on 28 March 2025, it will not be able to offer him a new product. The letter said that if Mr M transferred his mortgage to another lender before 28 March 2025, he will not pay the Early Repayment Charge (ERC) set out in the mortgage offer. It also said it wouldn't be offering him any new banking services in the future.

Mr M complained. Metro Bank said that Mr M had not provided the documents it had requested earlier in the year as part of its due diligence checks. It said upon completing those checks it decided its relationship with Mr M was no longer within its risk appetite but was unable to elaborate any further.

One of our Investigators looked into things and explained that she didn't think Metro Bank had acted unfairly. Mr M disagreed. He also provided some of the information Metro Bank had asked for as part of its due diligence checks. Metro Bank considered the information Mr M provided, but said its decision remained unchanged.

Mr M asked for his complaint to be passed to an Ombudsman.

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.

Having done so, whilst I appreciate it will come as a disappointment to Mr M, I agree with the Investigator that Metro Bank has treated Mr M fairly and reasonably in the circumstances. Metro Bank has provided our service with information about why it asked Mr M about the source of funds for his mortgage repayments in 2024. It has asked us to accept that information in confidence, and I'm satisfied in this case that's appropriate here. Having

reviewed the information provided, I'm persuaded it was reasonable for Metro Bank to ask Mr M for evidence to show how he was funding the mortgage when it did.

Mr M didn't provide that information, and so Metro Bank took the decision that it wouldn't offer him any new products once his existing mortgage product came to an end. I don't think that was unreasonable. Metro Bank agreed to lend Mr M a mortgage in 2022 based on his circumstances at the time. The interest rate product Mr M took out is due to end in March 2025, and there is nothing in the mortgage offer or terms and conditions that requires Metro Bank to offer Mr M new interest rate products after that date. The mortgage offer says that after 28 March 2025, the mortgage would revert to the standard variable rate for the remainder of the term.

Whilst Metro Bank is not obliged to offer Mr M a new interest rate product, it is obliged to treat Mr M fairly and reasonably as an existing mortgage customer. The letter Metro Bank sent Mr M in July 2024 gave him sufficient notice that he would not be able to take a new interest rate product when his existing one ended, and it was also prepared to waive the ERC that would be applicable should he repay his mortgage early. I understand Mr M is worried about how he will be able to afford his mortgage once the current product ends, but if he is unable to re-mortgage to another lender then that is a conversation he will need to have with Metro Bank. I would expect Metro Bank to consider Mr M's individual circumstances when deciding what appropriate forbearance might look like if and when that conversation becomes necessary.

I also think it's important to note that Mr M's circumstances have changed over the last couple of years, and so I think it would be reasonable for Metro Bank to have an open and honest conversation with Mr M about his current circumstances, and what information or evidence it would need to see to satisfy its concerns and due diligence checks. But Mr M would also need to engage openly in that discussion, and provide the information Metro Bank asks for.

Having considered all the information and evidence, I'm not persuaded Metro Bank acted unfairly when it wrote to Mr M in July 2024 about his mortgage account. So I don't uphold this complaint.

My final decision

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 21 February 2025.

Kathryn Billings
Ombudsman