

The complaint

Mr T and Ms M have complained about a mortgage they held with Together Personal Finance Limited.

What happened

Mr T and Ms M held a mortgage with Together and in 2019 their mortgage was rearranged onto a new preferential rate product. To do so Together ended the first mortgage account, using the funds from the new account to repay it.

The mortgage offer dated 18 April 2019 said that Mr T and Ms M were borrowing £240,106 (plus £1,495 fees) over 20 years on an interest only basis. The interest rate was noted to be fixed at 4.99% for five years, after which it would move to a variable rate that tracked at 5.03% above the Bank of England base rate (which was 0.75% at the time of the mortgage offer). The offer said there would be a £110 fee due upon redemption of the mortgage, and if the mortgage was redeemed in the first five years, then there would be an early repayment charge (which was on a reducing scale from 5% down to 1% each year).

The mortgage completed on 2 May 2019.

On 6 January 2023 Together wrote separately to Mr T and to Ms M. Each letter said:

‘We have recently reviewed the initial fee you paid us when we arranged your mortgage. This fee was called the lender’s arrangement or acceptance fee (LAF) and was added to the amount you borrowed.

Following this review, we will refund part of the fee you paid. We will also pay simple interest at a rate of 8% per year on the amount you overpaid, and this interest is included in your refund.’

The letters said it would be paying £1,069.91 (which was a refund of £812.50 plus interest, minus tax) to the bank details it held on file. I understand Mr T and Ms M each received the refund set out in those letters.

Together wrote to Mr T and Ms M jointly on 24 April 2024. The letter said:

‘When you switched products on 02/05/2019, we closed your old loan account [account number] and opened your new one account [account number], using the loan advance from the new loan to pay off the old loan.

As we charge interest monthly, the amount required to pay off the old loan included a full month’s interest. We also charged interest from the date of funding of the new loan, which meant there was a period of time (up to one month) where we applied interest on both loans.’

The letter said it had added a refund of interest of £1,461.52 to reduce the balance, which would show on the next annual statement. It said Mr T and Ms M didn’t need to do anything as that refund would be credited to the mortgage automatically, but they may be able to ask

for the refund to be paid to them instead, and they could get in touch with Together to request that.

The same day Mr T called Together to query when the mortgage could be redeemed without incurring an early repayment charge.

On 29 April 2024 Together received a redemption statement request from a solicitor acting on behalf of Mr T and Ms M, and that was faxed to the solicitor the same day for a redemption up to and including 1 May 2024. Then on 3 May 2024 the solicitor requested a new redemption statement which was emailed to them the same day, and the mortgage was redeemed on 7 May 2025.

Mr T spoke to Together on 8 May 2024 and a complaint was raised. Further complaint points were added at a later point and Together issued its response on 30 May 2024. It summarised the complaint as:

‘I understand that your complaint is about the following:

- The redemption figure you paid was too high due to the full month’s interest applied to the account, following the end of your fixed interest rate period.
- You’re unhappy that you were told the recent interest refund hadn’t been applied to the account and it was still due but this was incorrect as the refund had already been applied to the loan account.
- You believe the interest refund of £1,461.52 hasn’t been applied correctly to the loan account.’

It didn’t uphold the first and third bullet points, and it offered £50 compensation for the second, saying Mr T had been given incorrect information in the call of 8 May 2024 about the interest refund. It also provided some information about how much commission it had paid to the broker when the mortgage was arranged, and about the January 2023 refund.

Mr T and Ms M referred the complaint to our service in June 2024. They said there was no explanation as to the two occasions where they’d been overcharged, and that they’d also been charged a full month’s interest upon redemption.

Our Investigator didn’t uphold the complaint. She explained about the refund and said the terms and conditions of the mortgage explained a full month’s interest would be due if the mortgage was repaid mid-month. She said the £50 offer for the misinformation in the call of 8 May 2024 was fair and reasonable.

Mr T and Ms M didn’t agree and so the case has been passed to me to decide.

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 trust Mr T and Ms M won't take it as a discourtesy that I've condensed this complaint in the way that I have. Although I've read and considered the whole file, I'll keep my comments to what I think is relevant. If I don't comment on any specific point it's not because I've not considered it but because I don't think I need to comment on it in order to reach the right outcome.

Interest paid for May 2024

I understand Mr T and Ms M feel they paid too much when they redeemed their mortgage due to the fact Together charged interest for all of May 2024.

Mr T and Ms M's mortgage offer contained several references to the fact the 'General Terms and Conditions' formed part of the contract, and in taking out the mortgage Mr T and Ms M agreed to that.

The 'General Terms and Conditions' contains a section entitled '8. EARLY REPAYMENT AND MAKING OVERPAYMENTS' and that said:

'8.1 You may end this agreement early at any time by paying to us the Outstanding Balance under this agreement (including the Repayment Administration Fee) together with any Early Repayment Charge shown in section 9 of the Binding Mortgage Offer.

8.2 Should you repay the mortgage in full part way through a particular month during the term then a full months interest will be due to us so that interest for that month will not be apportioned on a daily basis to the date of actual redemption of the mortgage.'

It can be seen from this that the terms and conditions of Mr T and Ms M's mortgage said that if the mortgage was repaid part way through a month (as Mr T and Ms M did) then interest would be due for that entire month. Mr T and Ms M have said that wasn't explained to them, but that would be a matter for their broker as they gave the advice to take out the mortgage.

The only way Mr T and Ms M could have avoided the month's interest charge for May would have been to repay their mortgage on 30 April 2024 (but they then would have incurred an early repayment charge). Or they could have waited until 31 May 2024 which would have meant that whilst they would have paid that full month to Together at the higher variable rate, they wouldn't have also been paying their new lender for the same period.

Mr T and Ms M have said:

'I was told an advisor at Together that because I had changed my payment date, which I had, (16th) this would be when the rate would change, I based my decision on the advice of this advisor, therefore paying after the 2nd May 2024 would be fine, up to the 16th.'

And:

'However I was told that the 2nd of the month was when the rate changed to a higher interest rate, but I was told my an adviser at Together that because I had changed my

payment date to the 16th of the month, I would have up to this date, before a months interest would be applied.'

I've listened to the calls around that period and I'm satisfied Together didn't tell Mr T and Ms M that they could repay their mortgage up to 16 May 2024 without incurring the full month's interest.

I understand Mr T and Ms M had previously been told in 2021, when they asked if they could pay on the 16th of each month rather than the 2nd of the month, that they could pay at that point each month by just adding an extra approximately £4 onto their monthly payments. It is possible that Mr T and Ms M are conflating that information, which is factually correct as that amount would have covered the additional interest that would have been charged due to Mr T and Ms M paying "late" each month, with what happens when the mortgage is repaid. But having considered everything very carefully I can't find anything to show Together told Mr T and Ms M that they could repay their mortgage between 2 and 16 May 2024 without incurring interest for all of May.

Having considered this point very carefully I'm not persuaded Together did anything wrong.

The April 2024 refund

The letter of 24 April 2024 was clear that the amount of £1,461.52 had already been used to reduce the mortgage balance 'We've added a refund of interest of £1461.52 to reduce your balance. This will show on your next annual statement.'

Whilst it did say Mr T and Ms M **may** [my emphasis] be able to ask for the refund to be paid to them instead, it was clear they had to phone to request that. And as Mr T and Ms M redeemed their mortgage so soon after, even if they had phoned to request it they would simply have had to pay the equivalent amount back to Together when redeeming their mortgage. That's because the redemption figure was £1,461.52 lower than it would have been had Mr T and Ms M obtained the refund directly. There's not a way Mr T and Ms M could have paid the redemption figure they did (that is, an amount £1,461.52 lower than it would have been) and also received the £1,461.52 in payment directly to them.

Whilst they've said they can't see the refund was credited to the mortgage account, this can be seen from the annual mortgage statement that Mr T and Ms M sent to us as part of their complaint. The normal interest charge that was debited was around £1,008 – this can be seen monthly up until 2 March 2024. But in April 2024 there was no interest charge debited. Instead, on 2 April 2024, there was a credit of £453.29 that was entitled 'Interest Charge'.

The normal interest due of £1,008.23 that wasn't charged, plus the £453.29 interest credit, add up to the £1,461.52 refund.

It can also be seen by comparing the mortgage balance at the end of March 2024 (£241,399.14) to the balance at the end of April 2024 (£239,935.85). The difference between those figures is £1,463.29. That equates to the £1,461.52 refund plus the difference between what Mr T and Ms M paid (£1,010) and what they needed to pay on 2 April (£1,004.66), minus the extra amount due because Mr T and Ms M paid on 18 April rather than 2 April.

Together has admitted it gave incorrect information to Mr T and Ms M in the call of 8 May 2024 and it sent them a cheque for £50 in compensation for that. I've considered this point carefully and I agree a mistake was made that confused matters. But having considered everything I'm satisfied the £50 compensation already offered is fair compensation for that.

Other matters

As our Investigator explained, we can't consider matters that didn't form part of this complaint.

Together has said the amount it paid to the broker was set out in the mortgage offer, and I can see that it was at section 12 entitled 'Using a mortgage intermediary'. That said 'We will pay [name of mortgage broker] an amount of £2,401.00 if you take out this mortgage.'

Together also said its remediations were unconnected to any complaint Mr T and Ms M may have raised about the broker, which is right. There were two separate remediations here. The first, in January 2023, was because, on review, it had decided the lender's arrangement or acceptance fee it had charged Mr T and Ms M when they took out their mortgage was too high. The second, in April 2024, was because in May 2019 it had charged Mr T and Ms M interest on both their new and their old mortgage at the same time, despite both mortgages being with Together.

It's not the role of our service to investigate how many other customers were part of the same remediations as we only look at individual complaints, however I would seek to reassure Mr T and Ms M that it isn't unusual for financial companies to undertake reviews like this and offer redress seemingly out of the blue. Together has provided an explanation of the remediations to Mr T and Ms M and there is nothing further I can add to those explanations.

Finally, Mr T and Ms M have commented on the amount they paid to redeem their mortgage being more than they originally borrowed. As our Investigator explained it's not possible for us to carry out a detailed or forensic audit of an account history. It's open to Mr T and Ms M to instruct a suitably qualified independent accountant to do that for them. That would have to be at their expense, though if an error were found to their financial detriment they could include any reasonable costs of finding it in any fresh complaint that followed. But as things stand, in the absence of any evidence to the contrary, I'm not persuaded that Together requested an incorrect redemption figure.

I can see how strongly Mr T and Ms M feel about this, and I'm sorry to disappoint them, but I don't uphold the main thrust of this complaint, and I'm satisfied the offer of £50 for the misinformation in the call of 8 May 2024 is fair compensation.

My final decision

Together Personal Finance Limited has already made an offer to pay £50 to settle the complaint and I think this offer is fair in all the circumstances.

So my decision is that Together Personal Finance Limited should pay £50.

I understand a cheque was previously sent to Mr T and Ms M for this amount. If that cheque hasn't already been cashed then Together Personal Finance Limited should cancel it and reissue a new cheque for that sum to Mr T and Ms M. If the cheque has been cashed then Together Personal Finance Limited need do nothing more.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr T and Ms M to accept or reject my decision before 2 May 2025.

Julia Meadows

Ombudsman