

The complaint

Ms B complains about what happened when she sought advice from Aldermore Bank Plc on putting a new interest rate deal on her Buy To Let mortgage, and paying off a sizeable proportion of the debt. She said Aldermore's poor advice ended up costing her money.

What happened

Ms B said she knew her existing fixed rate deal on her Buy To Let ("BTL") mortgage was coming to an end in summer 2024. So she'd asked Aldermore for advice on how to switch her mortgage onto a new deal, and make a large overpayment. She was very unhappy with the support she'd received. Because of that, she waited until her old fixed rate had ended, to make a large overpayment. She was also upset that she had been charged much more interest during July, while she was on Aldermore's variable rate, before her new mortgage deal took effect.

Ms B said she'd repeatedly emailed Aldermore to get help with what she wanted to do, but received no response. She said she then rang, and asked for advice, but wasn't given any. She said she didn't get the right form until 28 June 2024, only eight days before her direct debit for July was due to be claimed. So she said she ended up making a much larger payment for July, because she'd gone onto Aldermore's much higher variable rate for that month.

Ms B also said she'd made a very large overpayment at the start of July, but she said that Aldermore kept this for a month, without acknowledging it or using it to reduce her mortgage.

Ms B felt she'd been overcharged by around £2,500 and she wanted that money back.

Aldermore said it did think it got some things wrong here. It had spoken to Ms B on 20 May, and Aldermore said it hadn't reminded Ms B then that she would need to apply for a new rate at least 15 days before her old rate expired. But Aldermore said the form Ms B completed to take out a new rate, does set this out.

Aldermore said it should also have told Ms B on the call on 20 May that she would need to send proof of where the money for any large overpayment, had come from. It told Ms B that it had applied these funds to her account, as of 5 July.

Aldermore said it would pay Ms B £150 for not giving her complete information on her call, but it wouldn't do more than that.

Our investigator didn't think this complaint should be upheld. I won't set out his reasoning here, as I haven't adopted it.

Ms B didn't agree. She said Aldermore had failed to provide her with requested information, and that meant she was doomed to fail, ending up with the penalty of paying such a large amount on her loan for July. She also repeated her concern that Aldermore had just hung on to her very large overpayment for a month, without crediting it to her mortgage.

Because no agreement was reached, this case was then passed to me for a final decision. And I then reached my provisional decision on this case.

My provisional decision

I issued a provisional decision on this complaint and explained why I did not propose to uphold it. This is what I said then:

There seems to have been some confusion about what has happened in this case. Below I will set out my understanding of what I consider to have been the key events, and offer commentary as I go.

- On 1 March 2024, Aldermore wrote to Ms B to tell her that her existing fixed interest rate deal was due to end on 30 June 2024. We know Ms B got this letter, because she shared it with us.
- On 1 May 2024, Ms B emailed Aldermore asking about paying off a sizeable part of her mortgage. She didn't get a reply straight away, just an acknowledgement saying Aldermore was very busy at the time.
- On 10 May, Aldermore replied. It told Ms B then that she could make overpayments up to 10% of her balance, and if she wanted to pay more than this without incurring an Early Repayment Charge ("ERC"), she would have to wait until the fixed rate had ended. The email explained proof of funds would be needed for a large overpayment, and set out the documents Aldermore would accept.

There are two key points here. Firstly, the advice Aldermore gave Ms B on 10 May would require Ms B to allow her existing fixed rate deal to lapse, without putting a new deal in place. That would mean she'd spend a month on the higher variable rate.

Secondly, this advice from Aldermore about the timing of an overpayment was incomplete. Aldermore has since confirmed that Ms B would have been able to pay off as much of her mortgage as she wanted without incurring an ERC, as long as she 1) had already set up a new fixed interest rate deal, and 2) was in the last 119 days of the old deal.

If Ms B had taken those two key steps, then she didn't need to wait for her existing fixed interest rate deal to expire, before making a large overpayment.

I think it would have been much better, if Aldermore had explained to Ms B in writing that she had these two options to make her large overpayment. However, I also have to bear in mind that Aldermore's failure to fully explain the options to Ms B cannot have had a significant impact on the matters I'm considering here. That's because Ms B told us she never got this email.

I also think it's important to note that the next time Ms B spoke to Aldermore, it did set out the two options for her overpayment for her.

- On 20 May, Ms B spoke to Aldermore. She was, correctly, told on that call that she had two options to make a large overpayment, without paying an ERC. The first option was to wait until her old mortgage deal expired. The other option was to set up a new deal now, then she could pay a large lump sum to her mortgage before that new deal took effect, without any charges. The agent offered to send Ms B a note of the new rates available, but told Ms B that Ms B wouldn't be able to make changes to her mortgage online. She said Ms B could

email or call to make her switch.

Ms B wasn't reminded on this call that she would need to send proof of funds with any overpayment. But the agent does appear to have envisaged speaking to Ms B again, to implement the changes she wanted.

At first, Ms B said she wasn't given any help on this call. I do think Ms B received advice on two options to make her overpayment, on this call.

Later, Ms B said that she thought, after this, that she was in Aldermore's system to make the change, but she said the agent had told her she would send out a form for Ms B to fill in, and she never got that. Aldermore says it couldn't re-issue the form, which it had first sent to Ms B several months ago, but it could send new rates, so it had sent those.

I don't think the agent did offer to send a form for Ms B to complete, on this call. And I think that Ms B was given the key information, on this call, that she needed to apply for a rate switch and make a payment, without being charged an ERC or spending any time on the higher variable rate after her existing fixed rate ended.

- On 28 June, Ms B returned the form she'd originally been sent several months earlier, asking to take up a tracker rate on her mortgage from 1 July. Aldermore didn't action this, it said the rates on the form had expired a long time ago, and also the form wasn't received in time.

Ms B said she couldn't send the form in any earlier, because she wasn't sent the form she needed until 28 June. But I think this form was actually sent to Ms B several months earlier, on 1 March. When she tried to use the form to choose a new mortgage deal, Aldermore said the rates set out on this form had expired some months earlier.

I know that Ms B wasn't reminded on the call on 20 May, that she'd need to send in her form to apply for a new mortgage deal, at least 15 days before the old one expired. But I think that's because the advice that agent was giving Ms B, was to act well before then, and also not to complete a form which was already out of date, but to ring back to have a new rate applied to her mortgage and set up the overpayment she wanted to make. So I don't think it's that agent's fault, that Ms B didn't send in her form until a couple of days before the old rate expired.

- On 1 July, Ms B made a very large overpayment.
- On 2 July, Ms B spoke to Aldermore. She was enquiring about applying her new rate to the account, but on the same call she was told she would need to supply proof of funds for her recent overpayment. Ms B sent this late on 2 July.
- On 5 July, Ms B spoke to Aldermore again. It hadn't accepted the first proof of funds as sufficient. But it also didn't appear to have applied the funds, or contacted Ms B with any request for further information. On two calls over the course of the day, Ms B was told what else she'd need to send, she did supply that, and her funds were then credited to her mortgage. Ms B's mortgage statement for 2024 shows this credit was backdated to 2 July. She also took out a new rate, to be applied from 1 August 2024.
- Also on 5 July, Aldermore collected over £4,000 for Ms B's monthly mortgage payment. This was a much larger payment than previously, because Ms B was on the higher variable rate for that month.

I don't think it was Aldermore's fault that the documents it requested from Ms B as proof of where the money for her overpayment came from, weren't what it was expecting. It was expecting a property sale completion statement on headed paper, and the document it received, didn't identify the solicitors firm involved at all. I don't think that's anyone's fault, but I do think it was reasonable for Aldermore to ask for more information.

Ms B said that Aldermore had just hung onto her money, from the overpayment, for a month without using to reduce her mortgage. But I don't think that's what happened. I think it was unfortunate that Aldermore didn't let Ms B know right away that it would need more documentation. But I can see it did then backdate the payment Ms B made, so it reduced her mortgage from 2 July 2024, the day after the payment was received. I think that's fair.

Ms B also said it was unfair that she'd had to pay over £4,000 as a mortgage payment in July. But I don't think anyone suggested to Ms B that she could apply for a new mortgage deal as late as 28 June, and have that new deal take effect on 1 July. The form Ms B completed did suggest this would not be possible. And the advice Ms B received on 20 May, was that she could act right away, not wait until the end of June. So I don't think that it's Aldermore's fault that Ms B only sent in form to put in place a new mortgage deal, two days before the old deal was due to end.

I also note that Ms B hadn't taken up Aldermore's offer to put a new deal in place, and then to make her large overpayment before the old deal expired. Ms B said that after the call on 20 May, she was waiting for a form to be issued, so she could do this. But I don't think Aldermore told her it would send out a form. I know on-hold times were long, but if Ms B had been concerned about this, she could have spoken to Aldermore again, and she could then have taken out a new deal over the phone.

In the circumstances in which Ms B found herself on 28 June – of not having already put a new deal in place and made her overpayment - I think that Ms B was better off paying the higher variable interest rate for one month, and making her overpayment during that month, than she would have been if Aldermore had applied her new rate right away. I think that means it wouldn't be fair and reasonable for me to ask Aldermore to pay Ms B back part of the large monthly payment she made on 5 July.

Aldermore has paid Ms B £150 because it felt that some of the advice given by its agents could have been more detailed. I know that Ms B will be disappointed, but I hope I've explained why I think that Aldermore hasn't made quite as many mistakes as she suggested. I don't think it would be fair and reasonable in this case to ask Aldermore to pay more. And that means Ms B's complaint won't be upheld.

I invited the parties to make any final points, if they wanted, before issuing my 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.

Aldermore replied to my provisional decision just to say it had nothing to add. Ms B didn't respond.

Neither side has offered any further evidence or argument, and I haven't changed my mind. I'll now make the decision I originally proposed.

My final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms B to accept or reject my decision before 7 July 2025.

Esther Absalom-Gough
Ombudsman