

The complaint

Mr and Mrs W complain that Kensington Mortgage Company Limited wouldn't allow them to take a different interest rate product on their mortgage when a lower rate became available before completion.

What happened

Mr and Mrs W were buying a new property. Through a broker, they applied for a mortgage with Kensington. In October 2024 Kensington issued a mortgage offer. It was for a fixed interest rate at 7.09% for the first five years, followed by a variable rate of 2.5% above the Kensington Standard Rate.

In November 2024 Mr W asked Kensington whether he and Mrs W could take the mortgage on a lower interest rate, because a lower rate had recently become available. Kensington contacted Mr and Mrs W's broker and said they would need to re-apply if they wanted to change the proposed mortgage arrangement. In December 2024 the mortgage completed on the 7.09% fixed rate.

Mr and Mrs W made a complaint. Kensington said it had done nothing wrong and it was right to say that they would need to re-apply if they wanted a different interest rate product.

Our Investigator didn't recommend that the complaint should be upheld. Mr and Mrs W weren't happy with that and asked for a review.

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.

In reaching my conclusions I've kept in mind relevant regulatory rules and guidance, including those to which Mr and Mrs W have referred. I've also considered the references to past Ombudsman decisions Mr and Mrs W have provided. The decisions they have described don't, however, set precedents – every complaint is decided on its own particular merits.

Kensington didn't say that Mr and Mrs W couldn't have an alternative interest rate product. It told their broker, who was acting for them, that they could apply for a different product if they wanted, but to do so they would need to cancel their existing application and make a fresh one.

I don't consider Kensington's approach to have been unreasonable or unusual in the circumstances. Mr and Mrs W's application wasn't for a straightforward rate switch on a mortgage they already had. They had made a new application for new borrowing. I think it was reasonable for Kensington to want to reconsider the application before making changes in order to satisfy itself that the proposed mortgage would remain affordable and sustainable on different terms and to take into account any changes in Mr and Mrs W's circumstances.

I would also expect the broker acting for Mr and Mrs W to have wanted to be satisfied that a mortgage on different terms from those already agreed was suitable for them, and to make a revised recommendation. Mr and Mrs W have said that their broker told them a new application was likely to be declined if they re-applied for a lower interest rate, so they felt they had no option but to go ahead with the mortgage offer they had. I think that's a matter for Mr and Mrs W to take up with the broker if they feel they were badly advised and if they haven't done so already. But Kensington isn't responsible for the advice Mr and Mrs W's broker gave them, and I'm not considering a complaint about the broker here.

Kensington didn't have to tell Mr and Mrs W when lower interest rate products became available, and in any event Mr and Mrs W chose not to apply for one. They decided to go ahead with the rate they did rather than re-apply. I don't consider that they missed out on a lower rate because of anything Kensington did wrong, and I can't fairly uphold this complaint.

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 Mr W and Mrs W to accept or reject my decision before 23 October 2025.

Janet Millington
Ombudsman