

The complaint

Miss M complains that Lloyds Bank PLC pushed her to take out a two-year interest rate product for her mortgage, rather than the five-year product she wanted. Miss M asks that Lloyds applies the five-year rate she wanted in 2022.

What happened

Miss M has an interest-only residential mortgage with Lloyds, which was taken out in 2007. Her fixed interest rate product was due to expire in mid-2022 and she contacted Lloyds about taking out a new product.

Miss M says she wanted a five-year rate. She says she doesn't like change and is unfamiliar with mortgages. Miss M says Lloyds pushed her to take out a two-year rate. She says she relied on Lloyds' advice and wouldn't have taken out a two-year rate without being influenced by Lloyds.

Miss M's product expired at the end of July 2024. She didn't want to take out a new product until Lloyds investigated her complaint. As a result, her mortgage was on the standard variable rate (SVR) which she can't afford. Miss M said this has caused her financial and emotional strain.

Miss M has raised other complaints (that the mortgage was taken out in fraudulent circumstances linked to financial abuse, and that she wasn't told that her rate would expire in July 2024) which are being dealt with separately.

Our investigator said the available evidence suggested Miss M had said she wanted a product of between one and three years in 2022. Our investigator said Lloyds' apology and its offer to allow Miss M to take out a rate available in August 2024 and back date it to 1 September 2024 was fair. This put her into the same position as if she'd taken out a product in early August 2024 rather than wait for her complaint to be dealt with.

Miss M didn't agree.

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.

Lloyds recommended a two-year fixed interest rate product to Miss M in 2022. Miss M says she wanted a five-year rate in 2022. She says Lloyds influenced her to take out a two-year rate instead.

Mortgage interest rates have increased since late 2022. It's likely Miss M would now be better off if she'd taken out a five-year rate. Of course, neither Lloyds nor Miss M would have known this in mid-2022. And it's what happened in 2022 that I need to consider here.

I understand Miss M's frustration that Lloyds can't provide a recording of her call with Lloyds' mortgage adviser in May 2022. But that doesn't mean I can't reach a fair decision based on

the evidence that is available. I should explain that where the evidence is incomplete or contradictory, I make my decision on the balance of probabilities – that is, what I think is most likely to have happened based on the available evidence.

When making my decision, I've noted the following.

- Miss M met with Lloyds' mortgage adviser in early May 2022. Lloyds issued a "reasons for our recommendation" document. This said *"From the information you have provided we have identified the following: You need your monthly payments not to change for a minimum period of 1 year and for no longer than 3 years on all of your loan."*
- The product transfer offer that Lloyds issued in August 2022 says the fixed rate is in place until 31 July 2024 and Lloyds Bank Homeowner variable rate will apply after this.
- Miss M made a complaint in 2022 about delays in the product being put in place. She didn't raise concerns that she wanted a five-year product. She didn't raise concerns that the statement in the reasons for the recommendation (that she wanted a product between one and three years) was incorrect.
- Lloyds wrote to Miss M in September 2022 saying *"Further to our telephone conversation on 22 August 2022, I confirm the new mortgage product 2.95% fixed until 31 July 2024 has been put in place and backdated to 1 June 2022 as agreed."*
- Miss M spoke to the mortgage adviser in early May 2022, and the product wasn't in place until September 2022. Miss M had time to reflect on the advice given. If she wanted a longer term product she had time and opportunity to raise this with Lloyds between May 2022 and September 2022.
- When Miss M raised her complaint in August 2024 she told Lloyds she remembered asking for a three-year rate and the adviser suggested she took out a two-year rate. Lloyds said three-year rates weren't available to her in 2022.
- The only available evidence that Miss M told Lloyds in 2022 that she wanted a five-year rate is her own recollection and testimony. But Miss M told us she mentioned three years when she raised her complaint because she *"couldn't remember at the time that I had originally requested five years"*. She later said she *"couldn't recall the exact term I had initially requested"*. She said any confusion about three years versus five years isn't the issue as she made it clear to Lloyds that she wanted the longest fixed term possible.

Miss M says if three-year rates weren't available she must have asked for a five-year rate. I don't think that follows. The available evidence doesn't support Miss M's recollection that she told Lloyds in 2022 that she wanted a five-year rate or the longest fixed rate available.

I think Miss M was aware when she took out the product in 2022 that it would expire in July 2024 – about two years later. In the circumstances, I can't fairly find that Miss M told Lloyds she wanted a five-year rate or that Lloyds made an error when it recommended a two-year rate. Its recommendation was consistent with its record of the information provided by Miss M – a record that Miss M didn't challenge at that time.

It follows that I don't think it's fair and reasonable to require Lloyds to apply a five-year fixed rate product to Miss M's mortgage.

Miss M says that when she spoke to Lloyds in August 2024 it didn't record her complaints properly or call her back as promised. She says Lloyds told her not to take out a new product until it had investigated what happened in 2022. Due to the time it took to do this, she was

left on the SVR for four months, causing her financial problems.

During the call on 1 August 2024 Lloyds said it would speak to Miss M the next day. The mortgage adviser spoke to Miss M on 2 August 2024. During the call on 2 August 2024 Miss M said once her complaints had been dealt with she wasn't sure if she'd keep the property. Lloyds said a fixed rate might not be suitable if Miss M wanted to move and she could wait until she was clear about what she wanted to do. Lloyds raised a complaint for Miss M. Lloyds didn't say the mortgage adviser would contact Miss M again, so I can't fairly find it made an error in not doing so.

I think Lloyds' mortgage adviser was concerned that a fixed rate product might not be suitable if Miss M was thinking of selling the property. That's because it's unlikely the benefit of the lower interest rate would outweigh the early repayment charge and any product fee if the product was only in place for a short time. That's different from telling Miss M not to take out a new product while her complaint was looked into – although I appreciate the two matters were linked.

But either way, I think Lloyds made a fair and reasonable offer to put Miss M into the same position as if she'd taken out a product on 2 August 2024. Lloyds made this offer at the end of October 2024, by which time it had responded to all of Miss M's complaints. Miss M could have asked to speak to a mortgage adviser about a new product rather than remain on the SVR for any longer.

Lloyds apologised for the delay in responding to Miss M's complaint. It acknowledged that she didn't want to take out a new product until her complaints had been investigated. Lloyds said Miss M could choose a product currently available, or if she chose a product available in August 2024 it would backdate that rate to 1 September 2024. It said that was the earliest a product would have been in place following Miss M first contacting it about a new product.

Lloyds said Miss M would need to speak to a mortgage adviser and once a product was recommended she could contact the complaints team and it would check the rates available on 2 August 2024 and let her know the best option. Miss M took out a product in December 2024. Lloyds says its offer is still available. Miss M can consider whether she wants to contact Lloyds to take up the offer.

My final decision

My decision is that I do not uphold this complaint, as I think Lloyds Bank PLC has done enough to put matters right.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss M to accept or reject my decision before 12 September 2025.

Ruth Stevenson
Ombudsman