

The complaint

Mrs and Mr B complain that OneSavings Bank Plc trading as Kent Reliance (OSB) have caused them to pay more interest on their mortgage, than should have been the case.

What happened

Mrs and Mr B hold a buy-to-let mortgage with OSB. The property is in the name of a limited company, but both Mrs and Mr B are party to the mortgage.

OSB wrote to Mrs and Mr B in July 2024 to remind them their existing interest rate product was coming to an end, and inviting them to explore moving onto a new interest rate product. The correspondence indicated that Mrs and Mr B should return a form with their preference for a new rate, within fourteen days of the date of the letter. The correspondence also let Mrs and Mr B know that if they didn't choose a new rate, the mortgage would revert to OSB's Standard Variable Rate on 1 October 2024, and set out how the monthly payments would change, if no action was taken.

Later in July 2024, Mr B rang OSB to discuss aspects of his existing rate, and enquiring about the rates available at that time.

On 30 September 2024, Mr B rang OSB to say that he'd sent a new rate preference form a couple of days prior, and he was calling to try to speed things up, as the existing fixed rate period had nearly ended. OSB's representative told Mr B that it had been received, but that his and Mrs B's details were missing as applicants, and these needed to be added to the form before the application could be progressed. OSB's representative asked if Mr B could add the details and re-send the form, to which Mr B indicated he'd do it straight away.

Mr B says he thought he'd sent the updated form to OSB, but it has no record of receiving this. The mortgage moved onto the Standard Variable Rate from 1 October 2024. Mrs and Mr B sent an e-mail to OSB on 4 October 2024 to say they were disappointed to have been notified the mortgage had moved onto the Standard Variable Rate. Mrs and Mr B said they'd sent OSB the details of the new interest rate product they wished to move to a week or so earlier, and they'd be grateful if OSB could sort this out urgently.

The e-mail was received by OSB but not responded to. Mrs and Mr B were next in touch with OSB in November 2024, after OSB had sent correspondence notifying them of an interest rate change. OSB reiterated that it hadn't received a preference form with the correct detail. Shortly after, OSB received this from Mrs and Mr B.

Around five days later - on 20 November 2024 - OSB sent the product offer documents to Mrs and Mr B. OSB received the signed forms back in December 2024, such that the rate change came into effect until the following month – January 2025.

Mrs and Mr B complained to OSB that its actions had caused them to lose out financially. They said that if OSB had responded to the e-mail they'd sent on 4 October 2024, they could've sorted things so that the new interest rate product was in place in time for the October 2024 instalment.

OSB upheld the complaint in part. It conceded that it should've responded to the 4 October e-mail, and offered £75 in compensation to reflect the poor service. It didn't however think it had caused Mrs and Mr B any financial loss.

Mrs and Mr B weren't satisfied with OSB's response, and they referred their concerns to the Financial Ombudsman Service. An Investigator here issued an assessment of the case. In summary, they said the £75 compensation offered by OSB was a fair way to put things right. They didn't agree with Mrs and Mr B that OSB's actions had caused them a financial loss. The Investigator didn't think OSB had caused the mortgage to move onto the Standard Variable Rate and thought OSB hadn't caused any delays from the point it had received the preference form containing the correct details.

Mrs and Mr B didn't think that the Investigator had placed enough emphasis on OSB not responding to the 4 October 2024 e-mail, and they asked for the matter to be escalated to an Ombudsman. 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.

Having done so, I've reached the same overall outcome as the Investigator, and for broadly the same reasons. Before I explain why, I want to set out the purpose of my role. It isn't to address every single point that's been made to date. Instead, it's to decide what's fair and reasonable given the circumstances of this complaint.

For that reason, I'm only going to refer to what I think are the most salient points when I set out my conclusions and my reasons for reaching them. But, having considered all of the submissions from both sides in full, I will continue to keep in mind all of the points that have been made, insofar as they relate to this complaint.

The key question here, is whether OSB not responding to Mrs and Mr B's e-mail of 4 October 2024, is reasonably the cause of the losses Mrs and Mr B point to – from them paying the Standard Variable Rate for three months. Having given this careful consideration, I haven't found that to be the case.

I say this for a number of reasons. First, OSB reminded Mrs and Mr B the interest rate on their mortgage was coming to an end, in July 2024 – nearly three months before the rate ended. And they asked Mrs and Mr B to make their preference within fourteen days of the date of that letter. Mrs and Mr B didn't submit the preference form until 28 September 2024, by which point their existing rate had nearly expired. If Mrs and Mr B had expressed their preference to OSB earlier, this would've increased the possibility of them having a new rate in place from when their existing rate expired. By the end of September 2024, it was already unlikely that OSB would be able to arrange the new product in time for the October 2024 payment.

I consider it was reasonable of OSB to require the form to have Mrs and Mr B's details and signature – since they're both party to the mortgage and OSB required their consent. Mr B says he thinks he sent OSB an amended form on 30 September 2024, but OSB has no record of receiving this. OSB has conceded that it made an error in not responding to Mrs and Mr B's e-mail of 4 October 2024, but I have to take into account that Mrs and Mr B didn't then contact OSB again until nearly the middle of November 2024.

I can't see that OSB caused any unreasonable delays from the point that it received the correct paperwork from Mrs and Mr B. It issued the product offer within a week. Even here –

if Mrs and Mr B had signed the offer before the end of November 2024, it's likely the new rate would've started from 1 December 2024. But because the offer wasn't signed until December 2024, the new rate couldn't begin until 1 January 2025.

I can completely appreciate Mrs and Mr B's frustration and disappointment at the overall situation, but taking everything into account, I can't reasonably say that OSB's failure to respond to their e-mail of 4 October 2024, was the cause of them losing out in the way they've said.

In terms of the £75 OSB offered to put things right. In the context of the overall situation – bearing in mind that I haven't found that OSB caused Mrs and Mr B a financial loss - I consider it's a fair amount to put things right. OSB not responding to the 4 October 2024 e-mail was poor service and did cause Mrs and Mr B some unnecessary frustration. But an award of £75 is enough to reflect this and is in line with our general approach to compensation awards.

I'm sorry to disappoint Mrs and Mr B, but I don't require OSB to do anything further, to put things right.

My final decision

My final decision is that OneSavings Bank Plc trading as Kent Reliance need to pay Mrs and Mr B £75 to put things right. If OSB has already paid some or all of this amount, it can deduct this from what it still needs to pay.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs B and Mr B to accept or reject my decision before 17 October 2025.

Ben Brewer
Ombudsman