

## **The complaint**

Mr M and Ms T have complained that a rate switch they applied for on their mortgage with HSBC UK Bank Plc in November 2024 wasn't fully completed, and by the time they realised that rate had been withdrawn so they had to take a higher interest rate product instead.

## **What happened**

Mr M and Ms T had an existing mortgage with HSBC. The mortgage offer issued in October 2019 showed Mr M and Ms T were borrowing around £382,000 over a 28-year term on a repayment basis. The interest rate was fixed at 1.64% until 31 January 2025, after which it would move to HSBC's standard variable rate ("SVR").

On 5 August 2024 HSBC wrote to Mr M and Ms T to remind them that their fixed rate was coming to an end. It set out how Mr M and Ms T could apply for a new rate and explained that if no action was taken the mortgage would move to the SVR.

Mr M spoke to HSBC on 4 November 2024 as he was unable to log in to make a rate change application, and the call handler helped him log in and answered Mr M's questions about the process.

After going through the online application process, a mortgage offer was generated which said that the offer had to be accepted before 17 November 2024 or the product may not be available. It said that the offer should be accepted by returning to the rate switch application and following the on-screen instructions.

The offer said the outstanding mortgage was around £324,500 and the remaining term was 22 years and 10 months, with the mortgage remaining on a repayment basis. The interest rate was fixed at 3.89% until 31 December 2029.

Mr M and Ms T didn't return to the online rate switch application to accept the offer.

On 31 January 2025 Mr M started a webchat with HSBC as he said he had reserved a new deal but hadn't received confirmation of the switch. HSBC said there was no pending new rate so the application must have not been completed. A complaint was raised.

A new mortgage offer was issued on 31 January 2025, which Mr M and Ms T accepted the same day. The interest rate on that offer was fixed at 4.24% until 31 May 2030. The new rate took immediate effect.

HSBC didn't uphold the complaint. It said whilst Mr M and Ms T started the rate switch application in November, they didn't accept the offer before the deadline so the rate was no longer available.

Mr M and Ms T referred the complaint to our service. They said HSBC didn't make it clear in the call on 4 November that there was a further confirmation step, and the online system didn't adequately prompt or notify them that an additional step was required.

Our Investigator looked at things and said he didn't think HSBC had done anything wrong. He said having reviewed the online screens and the mortgage offer he thought HSBC had made it clear that the offer had to be accepted by the deadline for the application to be completed. He also said the call ended before the offer was produced as Mr M, whilst still going through the application screens, had said he could work it out from there. He said the purpose of the call was that Mr M was unable to log on to start an application, not to talk Mr M through all the individual steps he needed to take.

Mr M and Ms T didn't agree and so the case was 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.

At the heart of this complaint is whether HSBC did – or didn't – do enough to make Mr M and Ms T aware that they must accept the product offer to complete the rate change application process.

HSBC wrote to Mr M and Ms T in August 2024 to remind them their product would expire on 31 January 2025. This letter said if they switch rates online only one account holder needed to do this. It said, as part of the process, they'd have to confirm they had the other account holder's permission. They would then begin the rate switch application and then can accept the rate switch offer for both account holders.

Mr M and Ms T have said that Mr M explicitly asked in the call of 4 November 2024 what he needed to do next, and at no point did the call handler make it clear a further acceptance step was needed and he had been left with the impression at the end of the call that the process was complete. But that isn't how the call went.

Mr M spoke to HSBC on 4 November 2024 as he was unable to log in to start an application. The call was around 12 and a half minutes long. The HSBC call handler talked him through the initial steps so Mr M could access the online rate switch process, with Mr M logging in just over 8 minutes into the call. And at around 8 minutes and 20 seconds Mr M said he was pressing the "Let's get started" button, and then he was reviewing the contact details that were recorded. The last 3 minutes comprised of the call handler explaining to Mr M that as he had two sub-accounts he would select the product for one, and then go round the loop again to select the product for the second, Mr M commenting on how high the interest rates were, and the call handler answering other questions Mr M raised such as whether he could come out of a rate before it goes live if he found a better rate elsewhere in the meantime. The call ended with the call handler asking if there was anything else he could help with, and Mr M saying he thought he could work it out from there.

HSBC's online log shows that the mortgage offer was generated 12 minutes after the application was started, and we know the application was started around 8 minutes and 20 seconds into the call, as Mr M confirmed he was pressing the "Let's get started" button at that point. As the call only continued for another 4 minutes after that point, we know the mortgage offer wasn't generated until around 8 minutes after the call had ended.

At no point in the call did Mr M ask what the next steps in terms of the online application were (other than in the context of whether he could cancel a rate switch application once he had started it). And Mr M couldn't have been of the belief that at the end of the call the process was complete because, at the time the call ended, Mr M hadn't selected a product so would have been nowhere near the point of generating the offer and then accepting it.

Had Mr M said he wanted help with the rest of the application I've no reason to think the call handler wouldn't have stayed on the call and talked him through the rest of the screens, but instead Mr M said he thought he could work it out from there and didn't need any further help.

The end of the online process gave access to the mortgage offer and then if the customer was happy with that there was a button to press to accept the offer and submit the rate change application acceptance. Had that been pressed by 17 November 2024 then the application would have gone through. Instead the application was left as 'in progress' with the status showing that the offer had been generated and not accepted.

Clearly the need to accept the offer online before the deadline is an important piece of information. Accepting the mortgage offer before the deadline ensures a new rate was put in place; missing the deadline meant it wasn't, and meant Mr M and Ms T would need to make a new application at whatever rate was available at the time of that second application.

With that in mind, I've thought about HSBC's obligations, including when providing information to its customers. Because this was after 31 July 2023, it was subject to the regulator's consumer duty as well as the general principles for business.

The mortgage offer said:

**'Offer validity**

**This offer is valid for the period shown in the Mortgage Illustration.**

You'll need to accept your offer before it expires, or the product(s) shown in the Mortgage Illustration may not be available.'

And

**'How to accept this offer**

To accept this offer, simply return to your rate switch application and follow the on screen instructions.'

The mortgage illustration confirmed it was valid until 17 November 2024.

The information provided by HSBC both online and in the mortgage offer was, in my view, clear, fair and not misleading. It was likely to be understood and equipped Mr M and Ms T with the information they needed to make an effective and timely decision. It did that by explaining how to apply for a new rate, how to accept the mortgage offer for the new rate, and by giving prominence to the deadline for doing so.

I understand Mr M and Ms T feel that because HSBC had visibility that their generated offer remained unaccepted in November 2024 it should have done more, but I don't agree.

I'm satisfied HSBC had already given Mr M and Ms T enough information to know that they needed to take further action to accept the rate. I wouldn't expect HSBC to then issue a reminder of that information.

Whilst, under the Consumer Duty, HSBC has a duty to avoid foreseeable harm, that does not mean it has to take all possible steps to prevent all harm. The process Mr M and Ms T needed to follow was set out clearly and prominently in the online application and in the paperwork that was issued. HSBC had no reason to believe that Mr M and Ms T did not

understand that. HSBC set out what Mr M and Ms T needed to do to accept the offer. It was Mr M and Ms T's responsibility to take action to get what they wanted (the new rate) and reasonable to expect them to take some care in doing so, bearing in mind the importance to them of securing a new rate.

I appreciate that Mr M and Ms T will be disappointed. But I don't think it's fair and reasonable in the circumstances to require HSBC to refund the additional interest due to them being on a higher interest rate product.

### **My final decision**

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M and Ms T to accept or reject my decision before 27 November 2025.

Julia Meadows  
**Ombudsman**