

The complaint

E complains that OneSavings Bank Plc trading as Kent Reliance overcharged interest on its mortgages.

What happened

Mr S is a director of a limited company I'll call E. He has five buy to let mortgage accounts with Kent Reliance, one in his own name and four in the name of his company E. Mr S brings the same complaint about all five mortgages. But because Mr S and E are separate entities, and each have their own mortgages, that means they are separate complainants with separate complaints. In this decision I'm addressing E's complaint about its mortgages. Mr S' complaint about his mortgage is being dealt with separately by our Service.

All five mortgages are on interest rates that track the Bank of England base rate ("BoEBr"). On 8 May 2025 the Bank of England announced a reduction in base rate of 0.25%. This meant that the interest rate on E's mortgages would reduce by the same amount.

On 9 May 2025, Kent Reliance wrote to E to say that as a result of the change in BoEBr, the interest rate on its mortgages had reduced with effect from 8 May 2025. The monthly payments would change accordingly, with effect from the payments to be collected on 30 June 2025.

Mr S complained on behalf of E. He said that E had been overcharged on its mortgages as the monthly payments should have changed from the payment due date on 28 May 2025 and not from 30 June 2025.

Mr S has complained about similar issues before. Each time the BoEBr has reduced since August 2024, Mr S has complained about Kent Reliance overcharging him and E interest.

Following the BoEBr reduction in August 2024, Mr S complained that Kent Reliance didn't change the interest rate on his and E's mortgage accounts until eight days after the change to the BoEBr. He said that the reduction in the interest rate should have been implemented when the BoEBr changed, not later.

My ombudsman colleague issued a final decision on 26 March 2025 in which he said that whilst Kent Reliance ought to have changed the interest rate on 1 August 2024, not 8 August 2024, it wasn't unreasonable that it didn't change the monthly payments on E's mortgages to be collected on 28 August 2024, instead of 28 September 2024.

He said that Kent Reliance would have many mortgages with different collection dates throughout the month. It's administratively simpler to change all monthly payments for September, rather than change some in August and some in September. This is compatible with the terms and conditions, which don't require the monthly payment to be changed within a particular timescale, as long as at least 14 days' notice is given – which, in this case, it was.

To put things right the ombudsman said that Kent Reliance should rework the mortgages to remove that extra interest – so that it is as if the interest rate had changed on 1 August 2024. He didn't agree that it should refund the additional interest to E. If nothing had gone wrong, E would have overpaid by slightly more in August, and the excess would have been used to reduce the balance – not refunded to E. In any case it's a trivial sum, around £5 on each mortgage. The ombudsman also awarded £200 compensation, and the same outcome was reached on Mr S' complaint about his sole mortgage.

Following the BoEBR reduction in November 2024, Mr S complained again that Kent Reliance didn't reduce the interest rate on his and E's mortgage accounts, on the day the BoEBR changed.

Kent Reliance upheld the complaint. It accepted that the interest rate on Mr S' and E's mortgages had not been charged in line with the account terms and conditions. To put things right it said that it would return the additional interest amount charged and pay Mr S £200 compensation. It said that it is working on implementing a fix for this issue and in the interim, its appointed a direct point of contact to work with Mr S to manage any future BoEBR changes.

Our investigators dealing with Mr S' complaints about his and E's mortgage accounts upheld them. They both said that Kent Reliance should pay more compensation – £200 paid directly to E and £200 paid directly to Mr S. Both parties accepted the investigators' views without the need for an ombudsman's final decision.

Following the BoEBR reductions in February 2025 and May 2025 Mr S complained again. He said he doesn't think that it's reasonable that he and E keep getting overcharged. Kent Reliance upheld the complaints and awarded £200 and £250 respectively.

Following the BoEBR change in May 2025, Kent Reliance made manual adjustments to Mr S' sole account and to two of E's accounts in that month – these are the accounts that formed part of the earlier complaints. So, when Mr S complained at the end of May 2025, Kent Reliance said there wasn't a complaint to answer as the matter had already been put right.

Kent Reliance later wrote to Mr S on 8 August 2025 to say that it had identified two further mortgage accounts that were affected in May 2025 that weren't remediated at the time – both belonging to E. The accounts were adjusted in July 2025, and the overpayment funds were returned to E. These accounts were not previously impacted by any prior BoEBR changes. Kent Reliance awarded £250 in recognition of its oversight of the two newly impacted accounts.

At the time of its final response letter on 8 August 2025, Kent Reliance said that it had already taken steps to put things right on E's accounts following the recent BoEBR change on 7 August 2025. Kent Reliance said that to avoid E being overcharged and it having to process refunds, it was able to change the payment amounts on three of the accounts – so the right amount is taken by direct debit in the first instance. Kent Reliance however said that because the upcoming direct debit dates were too soon on Mr S' sole account and one remaining account in the name of E, it wasn't able to amend the payment amounts on those accounts.

Kent Reliance invited Mr S to change the direct debit date on those accounts to later in the month to allow it to make changes to the payment amounts moving forward where necessary. Mr S was under no obligation to do so and if he chose not to, Kent Reliance would continue to follow the refund process on those two accounts where necessary.

Unhappy with this Mr S came to our service. The investigators looking into the complaints for Mr S and E thought that Kent Reliance had done enough to put things right. They said that Kent Reliance was taking steps to implement a fix, and in the meantime, it was proactively making manual adjustments to Mr S' and E's accounts to put right any overcharging. They also thought the compensation awards were fair. Mr S and E's other complaints are ongoing with our Service.

Mr S didn't agree that he and E had been awarded enough compensation, so he asked for the complaints to be decided by an ombudsman. In this decision I will focus solely on the complaint Mr S has brought on behalf of E in relation to the BoEBR change in May 2025.

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.

I've considered the terms and conditions of E's mortgages. They are on a variable rate that tracks the BoEBR. The relevant term says:

"If the Interest Rate is linked to the Bank of England Base Rate or LIBOR it will change automatically to reflect any change in the Bank of England Base Rate or LIBOR and will take effect on the day of such change (if the Interest Rate is linked to the Bank of England Base Rate) or on the first Business Day after the LIBOR Setting Date (if the Interest Rate is linked to LIBOR) or on such other date as set out in the Offer. We will give you notice of any change in the Bank of England Base Rate or LIBOR within a reasonable time after that change."

The mortgage offers do not contain "such other date". Therefore, applying the terms and conditions, the interest rate on E's mortgages ought to change on the day of the BoEBR change.

There is a separate term about the monthly payment. It says:

"We may change the Monthly Payment you make by giving at least 14 days' notice to you in advance:

a. If there is a change in the Interest Rate. Any notice we give you will state when the change in the Interest Rate will, or did, come into force;"

Kent Reliance accepts that there is a flaw in its process. There is a delay between the BoEBR change and the amendment to E's interest rates.

Our service previously upheld complaints about this issue and since then Kent Reliance has said that it's taking steps to put a fix in place. In the meantime, it's making manual adjustments to E's mortgages and refunding it with any overpayments. It has also appointed a dedicated point of contact to assist Mr S with any BoEBR related matters on his and E's accounts.

So, whilst this may be an ongoing issue until Kent Reliance finds a fix, I'm satisfied that it is taking reasonable steps to limit the impact on E. It follows that I don't think Kent Reliance needs to do anything more here.

In addition, Mr S complains that Kent Reliance should have changed the monthly payments on E's mortgages to be collected on 28 May 2025 as that was more than 14 days away from

the BoEBR change – rather than on 28 June 2025. As my ombudsman colleague previously decided, and I agree – it's not unreasonable that it didn't.

Kent Reliance will have many mortgages with different collection dates throughout the month. It's administratively simpler to change all monthly payments for June, rather than change some in May and some in June. This is compatible with the terms and conditions, which don't require the monthly payment to be changed within a particular timescale, as long as at least 14 days' notice is given – which, in this case, it was. E would have overpaid by slightly more in May, and the excess would have been used to reduce the balance.

That said in May 2025 Kent Reliance either made the necessary amendments to E's direct debit amounts or arranged refunds as necessary in that month – notwithstanding the issue with two newly impacted accounts, which E has been compensated for. And it has since offered to work with Mr S to ensure it's proactive in either amending his monthly payments manually for the month of the rate change or refunding any monies due as soon as possible. So, it follows that by doing so, E is receiving the benefit of the new payment amount following the base rate change in the month it takes effect.

It's important to note here that in line with the terms and conditions of E's mortgages, Kent Reliance is under no obligation to change the monthly payment amount in the same month as the interest rate amendment. So, it does not follow that I would uphold this complaint in any event.

Having considered everything I'm satisfied that Kent Reliance has done enough to put E back in the position it should have been in following the May BoEBR change. And the compensation award it has made for the delay in updating the newly impacted accounts is fair and reasonable and in line with this Service's guidelines on such compensation.

My final decision

My final decision is that I don't uphold E's complaint against OneSavings Bank Plc trading as Kent Reliance

Under the rules of the Financial Ombudsman Service, I'm required to ask E to accept or reject my decision before 13 November 2025.

Arazu Eid
Ombudsman