

The complaint

Mr M has complained about his mortgage current account – known as the One Account - he held with The Royal Bank of Scotland Plc trading as Virgin One Account.

Mr M has said that RBS hasn't adhered to the Consumer Duty in relation to the interest rate charged since 2021 and in the communications he's received about the account.

What happened

Mr M applied for this mortgage in October 2000. The mortgage offer that was issued on 1 November 2000 showed an initial borrowing amount of £106,800 (with a facility limit of £110,300) and the interest rate was 7.10% (variable). The repayment guide showed that Mr M intended to repay the full debt gradually over the life of the mortgage.

In 2005 Mr M moved to a new property and as part of that increased his facility limit to £250,000.

In March 2023 Mr M sent a message to RBS to complain about the interest rate he was being charged on the account., saying as soon as he found an alternative lender he would be leaving. RBS said it was sorry that the increase in interest rates meant Mr M was considering an alternative mortgage. It said it had fixed rate mortgages within the group that it could discuss switching Mr M's mortgage to.

Mr M raised the issue again in July 2023, saying he believed the One Account was now overpriced for the benefits it delivered. He asked for a copy of RBS's Consumer Duty Fair Value Assessment for the product. In response RBS said that because the One Account was a closed product the Consumer Duty wouldn't take effect until 31 July 2024. It reminded Mr M that it had other mortgage products available if he wanted to discuss those.

Mr M raised a complaint with RBS which it responded to in October 2024. That complaint related to the rate of interest charged on the account. RBS didn't uphold the complaint.

Mr M referred the matter to our service and whilst it was with us Mr M raised another complaint with RBS, this time relating to correspondence RBS had sent to him in the run up to the mortgage term ending. RBS didn't uphold the complaint.

It was agreed that we would deal with both complaints together and our Investigator didn't uphold them. Mr M 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.

I thank Mr M for the level of detail he provided in his submissions. Mr M has confirmed that he is only concerned about the interest rate since 2021 so I will keep this decision to the period from January 2021 until April 2025 (when Mr M made a lump sum payment with the intention to repay the mortgage). I understand a further complaint has been raised about that

attempted redemption, but that is being dealt with separately here so I won't make any further comment on that in this decision.

Although I've read and considered the whole file, I'll keep my comments to what I think is relevant. If I don't comment on any specific point it's not because I've not considered it but because I don't think I need to comment on it in order to reach the right outcome.

We're not the regulator, and I've no power under our terms of reference to comment on, or otherwise determine, how financial businesses operate in general terms. For that reason, I won't be commenting on matters Mr M has mentioned such as the design of the One Account in general terms, how the design and use of the account may impact other people, or when RBS undertook the Fair Value Assessment. I have to consider this complaint by reference to Mr M's particular situation. When I do that, I don't uphold this complaint. I'll explain why below

I've taken full account of RBS's obligations under the Consumer Duty. As Mr M is aware, the One Account is no longer available to new customers. That means Mr M's mortgage is what's known as a closed product and therefore Consumer Duty only applies to RBS's acts and omissions since 31 July 2024. Consumer Duty came into force on 31 July 2023, but implementation was delayed by a year for closed products. Whilst our Investigator made reference to the 2023 date it is clear from the earlier correspondence between Mr M and RBS that both were aware, as a closed product, that Consumer Duty only applied from 31 July 2024.

Strictly speaking, therefore, Consumer Duty is only relevant to decisions RBS made after 31 July 2024. But in any case, I don't think it changes my view of this complaint. It's correct that RBS is required to act to deliver good customer outcomes, taking account of the various Consumer Duty obligations. Of most relevance to the first part of the complaint is the "price and value" outcome, which requires RBS to ensure that its products provide fair value to customers, and the cross-cutting obligations to act in good faith and avoid foreseeable harm.

But acting to deliver good customer outcomes doesn't mean that a firm must always do what its customers want, or that it can't take account of other considerations. And it doesn't mean that every customer will always achieve the outcome they want in every situation.

I understand Mr M feels RBS should have thought about its future Consumer Duty obligations from 2021, rather than waiting for Consumer Duty to take effect. But I can only consider RBS's Consumer Duty obligations from the date Consumer Duty took effect for this product on 31 July 2024. That said, I can consider the fairness of the interest rate charged from 1 January 2021 outside of the more recent Consumer Duty obligations.

There was no obligation on RBS to offer a new preferential rate at any time, and nothing in Mr M's mortgage offer says that RBS would move him onto a new rate either. If any existing customer – including Mr M – had wanted a new preferential interest rate they needed to contact RBS to request that, and if their product was The One Account (like Mr M) then they would need to complete an internal remortgage to RBS's core range of products.

Mr M has said he couldn't remortgage, but he didn't need to do so externally. As RBS explained to him in 2023, he could have switched to one of its core range of products if he was no longer happy with the interest rate charged on the One Account.

I've considered all the available evidence, and all of the changes RBS made to the One Account variable rate since January 2021. Having done so, I am not persuaded that anything RBS has done in varying the rate has led to Mr M being treated unfairly.

There's nothing that links the variable rate to Bank of England base rate ("base rate") or says that the variable rate must be changed when base rate changes. Nor is there anything in the terms and conditions that obliges RBS to change the variable rate at any time – the terms allow RBS to make changes, but don't require it to do so.

Mr M has acknowledged he was willing to pay a premium above "normal" interest rates for the flexibility and benefits he received from the One Account. In January 2021 Mr M's interest rate was 4.15%. It remained at that level until August 2022 despite changes in the market which meant wider interest rates had started to climb from December 2021. After that Mr M's interest rate increased, as did the market generally, until it peaked and then started to fall again from September 2024. If plotted on a graph, the general curve of Mr M's interest rate since January 2021 wouldn't look too dissimilar from interest rates generally in that same period.

I've also compared Mr M's interest rate to the standard variable rate RBS charged on its core range, and the variable rate it charged on its flexible offset mortgage, and again the rate charged on Mr M's One Account moved broadly in line with the rates charged on those.

I turn now to the specific obligations set out in the Consumer Duty. Under the Consumer Duty, RBS is required to ensure that its products offer fair value, and that is what is key in determining the outcome of this complaint.

If RBS can demonstrate that the One Account offered fair value, by reference to its costs and benefits, then it follows that I am likely to conclude it hasn't treated Mr M unfairly. So, this is what I have considered. Delivering fair value isn't just about the price (eg the interest rate charged) of a product, but broader considerations such as a product's benefits, costs and target market. We asked RBS to provide details of its assessment of fair value, which it has provided to us in confidence. Our rules allow me to accept it as such and not share it – beyond a summary.

In summary, the assessment shows that RBS considered a range of factors. They included the product's benefits (such as the flexible nature of the product), price (bearing in mind comparable products in the marketplace), and costs. Having carefully considered this information, I am satisfied that RBS considered whether the interest rate charged for the One Account offered fair value to its customers.

I've also kept in mind that throughout the period the One Account interest rate wasn't materially different to the reversion rates of many mortgage lenders. In the period I am considering, the highest interest rate Mr M was charged was 8.40%, but the reversion rates of some other mainstream lenders reached a higher level than that and the reversion rate for RBS's core range of products reached 8.24%. I also bear in mind that the One Account came with additional benefits and features Mr M could use that the core range of mortgages didn't have. And there's a cost to RBS in having separate systems to manage a distinct account with those features.

RBS had alternative interest rates – such as lower fixed rates – that Mr M could have applied for by switching from the One Account to a standard mortgage, and there were no contractual barriers to Mr M exiting this mortgage, either by repaying (as he now has done), switching to a standard RBS mortgage or moving to another lender. If Mr M was unable to source a new mortgage elsewhere due to his personal circumstances at the time, then he could have discussed that with RBS to see whether it had a suitable product it could offer him. RBS told him several times it could do so.

For all the reasons given, I'm not persuaded Mr M was treated unfairly in respect of the interest rate he was charged.

Mr M is also unhappy about the communications he received as the mortgage term end approached. He said RBS only sent three letters in the run up to his mortgage term ending, and he's also unhappy with the language used in the letters, describing it as having a bullying and threatening tone.

Whilst Mr M has said "Communications were inadequate: only three templated letters in the final year of a 25-year facility, despite decades to plan customer support and redemption" I don't agree. Mr M didn't only receive just those three letters; he also received regular account statements as well as bespoke letters going back many years to warn him his account wasn't on track to be repaid at the end of the term.

The account statements had a graph to show the balance of Mr M's mortgage versus what it should be at that time to be on track to repay the debt. They also had a section 'Your repayment plan' which gave the exact amount Mr M was behind plan by.

And one example of an adhoc letter from 2011 (with many more being sent over the years) said:

'I am writing regarding the One account annual review that we sent you recently. I hope you found this useful in measuring your account's performance against your plans.

When you first arranged your One account you chose to repay your borrowings gradually over your mortgage term.

You will have noticed from your annual review that your account balance has remained behind your repayment guide all year. Your account is currently £32,422.28 behind your planned repayment guide, with 13 years and 3 months remaining until your account's intended repayment date.

It is important that you repay your One account by the final date set for the term of your mortgage. Our aim is to provide you with all the support and help you need to repay your borrowings as agreed.

Accordingly, we would be grateful if you could kindly contact us to discuss the plans you have for your account.'

The contact notes from 2017 also showed RBS discussed Mr M's repayment plans with him as part of one of the annual reviews.

Mr M has said RBS should have designed a "structured follow-on product or support pathway" for the end of the mortgage term for all One Accounts but that point is moot as a follow-on product or support pathway wasn't needed by Mr M. If Mr M had been unable to repay his mortgage at the end of the term then I would have expected RBS to treat him fairly in that regard, taking into account his individual circumstances. But Mr M repaid his mortgage on time (subject to the issues I am aware of that are being dealt with under the separate complaint), and I can't consider a hypothetical complaint about what might have happened if the mortgage wasn't repaid.

Finally, I've considered what Mr M has said about the tone of the letters he received in the run up to the mortgage term ending.

Having considered the letter Mr M has sent to us, I don't agree that it adopts a bullying and threatening tone. It contains factual statements about the debt, asks Mr M to make contact so matters could be discussed and explains what the potential next steps might be if the debt isn't repaid. That is entirely what I would expect in this situation. I appreciate that

receiving the letter was unwelcome, not least because Mr M had spoken to RBS a few weeks earlier. RBS has a regulatory responsibility to send letters like this when a mortgage term is coming to an end and although Mr M had recently spoken to RBS, that was just a promise that he would be paying and approximately when. Until the funds were actually received then RBS needed to keep Mr M informed about the possible next steps if the debt wasn't repaid.

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 M to accept or reject my decision before 17 November 2025.

Julia Meadows
Ombudsman