

## The complaint

Mr O's complaint relates to a buy-to-let mortgage he has with Topaz Finance Limited trading as Hessonite Mortgages. He believes that Hessonite has failed to apply a discount to the interest rate he was entitled to from 2012, which resulted in him suffering a financial loss and being treated unfairly. Mr O has highlighted how he believes Hessonite failed to comply with various regulations set by the Financial Conduct Authority (FCA). He's also unhappy that Hessonite failed to offer, earlier than it did, access to MoneyHelper or to suggest a mortgage broking network that might be able to help him review his mortgage arrangements and possibly re-mortgage.

Mr O's mortgage was taken out with a different lender and was later transferred to Hessonite. As Hessonite is now responsible for the mortgage, I will refer to it throughout, even where events or activities occurred when the mortgage was with a previous lender.

## What happened

Mr O took out his mortgage in 2005 on a rental property he had bought in 2003. He borrowed £244,000, plus fees, over a term of 25 years on an interest-only basis. The mortgage offer issued on 20 October 2005 confirmed that the property being mortgaged was 32b. It also set out that the mortgage was a buy-to-let (BTL) one and that a two-year fixed interest rate product was to be attached to the mortgage. After the product expired interest would be charged at:

*a variable rate which will be the lower of*

- a) The Bank of England Base Rate which is currently 4.5% plus 2.49% giving a current rate of 6.99% or*
  - b) The Northern Rock Standard Variable Rate, which is currently 6.59% for a period of 5 years 1 month*
- followed by*

- *the Northern Rock Standard Variable Rate, currently 6.59%, which will apply for the remainder of the term of the mortgage*

Following Mr O applying to release some equity from the mortgaged property – 32b – Hessonite sent him a further mortgage offer on 15 June 2006. This time for additional borrowing of £20,000 plus fees over a term of 24 years, on a repayment basis. In relation to the interest rate the offer confirmed:

*This is a BTL Flexi Discounted For Life Product*

*This secured mortgage is based on the following interest rate periods:*

- *A discount of 0.8% below the Northern Rock Standard Variable Rate until this loan is repaid, giving a current rate payable of 5.79%. Northern Rock's Standard Variable Rate is currently 6.59%*

In 2023 Mr O complained about the interest rate being applied to the mortgage. Hessonite responded in a letter of 13 October 2023 and set out what had happened with the interest

rates, including explaining why a loyalty discount had not been applied. The complaint was not upheld.

On 24 May 2024 Hessonite responded to Mr O's complaint about the mortgage having been transferred to Hessonite. The complaint was not upheld.

On 6 August 2024 Hessonite issued a further complaint response. It referred Mr O back to its previous responses in relation to the loyalty discount not being applied to his mortgage and the transfer of the mortgage. It also responded to another point about how Hessonite was reporting the mortgage on his credit file. The complaint was not upheld.

On 20 February 2025 a further complaint response was issued. Again, Hessonite referred Mr O back to previous complaint responses for complaint issues he repeated. It responded to his complaint about the possibility of appointing Law of Property Act receivers to manage the property and mortgage. The complaint was not upheld.

Mr O didn't ask us to consider all of the complaint points he'd previously raised, only his concerns about the loyalty discount and how this meant that he had been treated unfairly. One of our Investigators looked into the complaint and confirmed that we wouldn't be considering the specific points that had been raised, but rather we'd consider the fairness of the relationship they created. He ultimately concluded that the events complained about didn't result in an unfair relationship between Mr O and the lenders, so Hessonite didn't need to take any action.

Mr O didn't accept the Investigator's conclusions. He said that the investigator was wrong that the type of mortgage he had made a difference to whether it was eligible for the loyalty discount – it only related to whether a customer was loyal to the lender. Mr O also said that the Investigator had relied on a mortgage offer for a mortgage other than the one being complained about. Mr O asked that the complaint be reconsidered by someone other than the Investigator, and so the complaint has been passed to me.

### **What I've decided – and why**

I have considered everything Mr O and Hessonite have said, including Mr O's recent comments. Having done so, I am in agreement with the Investigator that I can only consider whether there was an unfair relationship between him and the lenders due to the complaint issues he raised with us.

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

This is a BTL mortgage, taken out for investment purposes. It is unregulated, and so Hessonite is not required to provide Mr O with advice or to manage his investment for him. As this is considered a commercial mortgage, it's up to Mr O to manage the mortgage, including deciding if he needed to seek advice about his mortgage arrangements or consider re-mortgaging.

As such, I would at this stage confirm that I won't be commenting further on Mr O's concerns about Hessonite not applying FCA rules and regulations to his mortgage, as it is not required to do so. Whilst the mortgage isn't subject to the regulatory protections available to residential mortgage customers, Hessonite is still required to treat Mr O fairly and reasonably. That said, I don't consider that the previous lender not suggesting to Mr O that he might want to seek advice about his mortgage needs would have created an unfair relationship between them.

The crux of this complaint relates to the lack of loyalty discount being applied to the BTL mortgage. I have noted Mr O's comments about the Investigator having relied on the wrong mortgage offer, and the right offer includes confirmation that a loyalty discount would be applied after the initial fixed rate ended. However, I am satisfied that the mortgage offers that relate to Mr O's rental property – 32b – do not include any mention of a loyalty discount, as detailed above. I am also aware that the original lender only offered the loyalty discount to residential customers.

While Mr O had also had a residential mortgage with the same lender between 2003 and 2006 on property 32a, to which the loyalty discount would have applied, that does not mean that the loyalty discount would also apply to his BTL mortgage on 32b. As such, I am satisfied that a loyalty discount was not due to be applied to Mr O's mortgage, and it not being applied, didn't create an unfair relationship between him and the lender.

Mr O has commented that the October 2023 complaint response gave incorrect information about the loyalty discount as it had quoted from the mortgage offer for property 32a. I would agree that is the case. However, it does not alter the fact that he was never entitled to that discount on his BTL mortgage.

### **My final decision**

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I am required to ask Mr O to accept or reject my decision before 12 December 2025.

Derry Baxter  
**Ombudsman**