

The complaint

Mr S complains that OneSavings Bank Plc trading as Kent Reliance overcharged interest on his mortgage following the Bank of England rate change in February 2025.

What happened

Mr S is a director of a limited company I'll call E. He has three buy-to-let mortgage accounts with Kent Reliance, one which is in his own name and the other two are in the name of a company I will refer to as E. Mr S has brought this same complaint about all three mortgages to our service but because Mr S and E are separate entities and each have their own mortgages, they will be dealt with as separate complaints.

In this decision I am addressing Mr S' complaint about the mortgage that is held in his sole name. The other complaints in relation to E, are being dealt with separately.

All three mortgages are on interest rates that track the Bank of England base rate ("BoEBr"). On 6 February 2025 the Bank of England announced a reduction in the base rate of 0.25%. This meant that the interest rates on Mr S' mortgages would reduce by the same amount. But this didn't happen automatically, as it should have done, due to an ongoing technical issue that Kent Reliance have. Mr S has complained that he has been overcharged interest on his mortgage.

Mr S has complained about similar issues before. Each time the BoEBr has reduced since August 2024, Mr S has complained that Kent Reliance are overcharging him interest on the mortgages he holds in his name and E. Following the BoEBr reduction in August 2024, Mr S complained to Kent Reliance because they hadn't changed the interest rate on his mortgages until eight days after the reduction in the BoEBr. Mr S said that the change should have happened when the BoEBr was reduced and not later.

An Ombudsman 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, and not 8 August 2024, it wasn't unreasonable that they didn't change the monthly payments until the following month.

He said that Kent Reliance would have many mortgages that all had different collection dates throughout the month so it would have been simpler to change all the monthly payments for September, rather than change some in August and some in September. He said this was 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.

In order to put things right, the Ombudsman said that Kent Reliance should rework the mortgages and remove the extra interest charged, so that it was as if the interest rate had changed on 1 August 2024. He didn't agree that they should refund the additional interest to Mr S. He said if nothing had gone wrong, Mr S would have slightly paid more in August, and the excess would have been used to reduce the balance – not refunded to Mr S. The Ombudsman awarded £200 compensation, and the same outcome was reached on Mr S' complaint about E's mortgages.

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

Kent Reliance upheld the complaint and they accepted that the interest rate on Mr S' and E's mortgages hadn't been charged in line with the account terms and conditions. To put things right they said they would refund the additional interest amount charged and pay Mr S £200 compensation. They said they were working on implementing a fix for the issue and in the interim, they 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 outcomes without the need for an Ombudsman's final decision.

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

This complaint relates to the BoEBR change in February 2025. Following this event, Kent Reliance made manual adjustments to Mr S and E's accounts and on 13 March 2025 they refunded a total of £137.15 for the overpayments across all three mortgage accounts, paid by BACS to Mr S' nominated bank account.

Mr S wasn't happy about this so he brought the complaint to the Financial Ombudsman Service where it was looked at by one of our investigators. He thought that Kent Reliance had done enough to put things right. He said that Kent Reliance was taking steps to implement a fix and in the meantime, they were proactively making manual adjustments to Mr S' and E's accounts to put right any overcharging of interest. He also thought that the compensation offered was fair.

Mr S didn't agree as he felt that he hasn't been paid enough compensation. In summary, he made the following comments:

- Mr S said the compensation awarded for this complaint is £66.66 which is woeful and inadequate.
- Mr S said that Kent Reliance have known about this issue since August 2024 and are breaching the terms and conditions. He believes this matter should have been fixed by now.
- In relation to the direct contact given to him, Mr S said it is not direct contact as when he has called to speak to them, it's a generic number and unable to speak to the adviser.
- Mr S believes that Kent Reliance have failed to follow the Financial Conduct Authority (FCA) rules as they are not keeping him up to date and are failing to provide clear and concise responses which are misleading.

Mr S asked for the complaints to be looked at by an Ombudsman. In this decision, I will focus solely on the complaint about Mr S' mortgage in relation to the BoEBR change in February 2025. Mr S' other complaints are being looked at separately.

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 Mr S' mortgage which is on a variable rate and 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 offer does not contain "such other date". Therefore, applying the terms and conditions, the interest rate on Mr S' mortgage 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 technical glitch in their process as there is a delay between the BoEBR change and the amendment to Mr S' interest rate.

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

Mr S has said he has had issues contacting the direct contact he has been given. Kent Reliance have told us that this is in place so while it may be a generic contact number, he has the name of the adviser that he needs to speak to so can arrange for them to call him back if they are unavailable when he calls.

While this may be an ongoing issue until Kent Reliance finds a solution to this issue, I'm satisfied that they are taking reasonable steps to limit the impact to Mr S. Mr S isn't happy that this issue hasn't been resolved yet. It's not up to our service to tell Kent Reliance how to run their business but we expect them to deal with things fairly. I have no reason to doubt that Kent Reliance is trying to find a fix to the technical problem they face and the fact they are trying to sort it out and are taking steps to minimise the impact to Mr S – is reasonable. I haven't seen any evidence that they are not keeping Mr S informed about things as it appears that Mr S is aware of what Kent Reliance is doing in order to try and deal with the matter. I therefore don't think that Kent Reliance needs to do anything more.

Mr S complains that Kent Reliance isn't changing his mortgage payment amounts until the following month. As the previous Ombudsman here already decided, it's not unreasonable that Kent Reliance did this – and I agree with this.

Kent Reliance will have many mortgages – not just Mr S' – all with different collection dates throughout the month. It's administratively simpler to change all monthly payments for March, rather than change some in February and some in March. 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 14 days' notice is given – which in this case, it was.

In line with the terms and conditions of Mr S' mortgage, Kent Reliance is not under any obligation to change the monthly payment amount in the same month as the interest rate amendment. So taking all of this into consideration, Kent Reliance have acted fairly.

Our service decides cases based on what is fair and reasonable in all the circumstances of a case and our compensation awards are designed to reflect that - and to compensate consumers when we feel it's justified. Our compensation awards are not designed to punish a business

Mr S has been aware of the relevant technical issues that Kent Reliance is having, and he has now known about this for some time. He also knows that there is a temporary fix in place until the issue gets sorted out permanently. So I don't think he would have been shocked to find out that his interest rate hadn't changed in line with the BoEBR or that he experienced worry that Kent Reliance may not be able to sort the issue out. As I've said, this was a known issue with an agreed fix in place. And so I don't think Mr S experienced the same level of distress that he would have done as the first time he realised this issue.

Whilst I accept there has been some inconvenience caused to Mr S, the impact has been minimal. And so having considered everything, I think the compensation awarded by Kent Reliance fairly compensates Mr S for any inconvenience experienced. I don't agree that they need to pay any more.

My final decision

My final decision is that I don't uphold Mr S' complaint against OneSavings Bank Plc trading as Kent Reliance.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 24 November 2025.

Maria Drury
Ombudsman