

The complaint

Mr and Mrs B complain that the end of their fixed interest rate deal with TSB Bank plc was followed immediately by a non-working day. They said it was wrong for TSB to force customers to pay its Standard Variable Rate. They wanted a refund of interest they'd paid.

What happened

Mr and Mrs B said they knew their interest-only mortgage with TSB was close to the end of its term. They also knew their existing fixed interest rate deal was due to end just before the end of the term, so they wouldn't be able to have a new fixed interest rate deal for the very end of their mortgage. That meant they would spend a short time on the bank's Standard Variable Rate ("SVR") before the term ended, and this would mean a sizeable daily interest charge. They wanted to avoid this.

Mr and Mrs B decided to pay the mortgage off in full a little earlier than they needed to. Like most fixed interest deals, theirs had an Early Repayment Charge ("ERC") if they paid during the lifetime of the deal. So they wanted to redeem the mortgage as soon as their fixed interest rate deal had ended. Unfortunately, the last day of the deal was a Saturday, so the first day they could pay their mortgage off without incurring an ERC was a Sunday.

Mr and Mrs B said they weren't aware that the first date for full payment without an ERC was going to be a Sunday, when they took this mortgage deal out. They wanted to complain about that, they didn't think it was fair to have a mortgage term expire on a non-working day.

Mr and Mrs B said they had understood they could transfer money to the mortgage over a few days, paying £100,000 per day, but they said that would mean they would incur interest charges. Mr and Mrs B rang TSB to ask it to set a payment up for them on the Sunday, but the agent they spoke to couldn't help. So they decided to go into a branch instead, to see if the branch could take the payment from them.

All the branches local to them had closed, so Mr B had to make a four hour round trip to get to the branch. He was only able to do that on the Friday before the fixed interest rate deal expired, because he was working on the following Monday. But when Mr B arrived there, the branch also said it couldn't set up a pre-payment for Sunday, because that was a non-working day. The branch asked him to come back on Monday.

Mr and Mrs B said that Mr B wouldn't be able to return on Monday, and he had concerns that the branch wouldn't make the payment anyway, as it was asking questions about the source of funds (which Mr and Mrs B said had originally been held in TSB, but then moved to higher interest accounts). They decided on Saturday to send TSB a cheque instead.

The cheque arrived on Tuesday, and was used to clear the mortgage. But their mortgage had moved to the SVR on the Sunday, and that meant TSB charged further interest for Sunday and Monday, totalling £160.19. Mr and Mrs B thought TSB should pay that back.

TSB didn't think it had done anything wrong. It said its daily transfer limit is £100,000 and that is made very clear online. If Mr and Mrs B wanted to make a larger payment, they either had to write a cheque, or go into branch. But the branch could only make a same-day payment. TSB said it appreciated that was frustrating for Mr and Mrs B, because they wanted to pay on a Sunday, but there just wasn't a way to do that.

TSB didn't think it had done anything wrong by charging interest until the redemption payment was received on the following Tuesday.

Our investigator thought this complaint should be upheld in part. He said there was no unfairness in allowing the mortgage deal to expire on a non-working day, and he wouldn't find TSB at fault because it didn't provide all of its services on a Sunday. So Mr and Mrs B would always have had to pay one day of interest.

But our investigator didn't think TSB had explained this to Mr and Mrs B. He thought they should have been clearly told that, because the first day after the end of their fixed interest deal was a Sunday, a non-working day for banks, then the earliest a payment could be applied to their mortgage without incurring an ERC would be the following Monday.

Our investigator thought if they had been told that, they would probably have decided to send in a cheque to be applied to the account on that Monday, and they would probably not have spent considerable time travelling to the branch on the Friday before the fixed interest deal ended. Our investigator thought if Mr and Mrs B had been given all the information they needed, they would have paid off their mortgage on that Monday. So he thought TSB should refund one of the days of interest which it had charged, plus 8% simple interest, and pay £100 for the distress and inconvenience its poor service had caused.

TSB didn't agree. It sent a recording of a call Mr B had with TSB on 11 November, and said Mr B was told sending a cheque wouldn't prevent interest from being charged unless he'd visited a branch first. So TSB said it thought it had given Mr B the right information.

Our investigator didn't change his mind, he said Mr B did visit a branch first, and was told the branch couldn't make payment until the following Monday. And the agent still hadn't clarified there was no way for Mr B to avoid paying interest on the Sunday.

TSB sent another call recording, from the day Mr B went to branch, and said on this call, Mr B was made fully aware of the payment options. But our investigator said this happened after Mr B had visited the branch, so the advice given on this call came too late.

Because no agreement was reached, this case came to me for a final decision.

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 reached the same overall conclusion on this complaint as our investigator. I have listened to the relevant calls, and I think that the advice given to Mr B was unfortunately somewhat confused. He was not clearly told there was no way to avoid being charged interest on the Sunday after the fixed interest rate deal on this mortgage expired. Mr B also wasn't told the branch would not be able to arrange a post-dated payment. So he had a wasted trip to the branch.

Because Mr B had hoped to resolve the problem with payment in the branch, he and Mrs B didn't send a cheque before the weekend. And that meant when they did send a cheque, after the branch visit, it didn't arrive until Tuesday. So they incurred two days of interest.

Like our investigator, I think if TSB's advice had been clearer, Mr and Mrs B could have avoided one of those two days of interest. And I think a refund of one day of interest, plus 8% simple interest, as well as a payment of £100 in compensation, would provide a fair and reasonable outcome to this part of Mr and Mrs B's complaint.

I don't think that the other part of Mr and Mrs B's complaint, about a mortgage deal being allowed to end over a weekend, should be upheld. I don't think it was unfair or unreasonable for this mortgage deal to work on a monthly or yearly basis, and that unfortunately did mean that this deal's last day was a Saturday, with the first day for redemption without an ERC being a non-working day. Unfortunately, banking remains a service which is not fully available on all days of the week – especially for high value transactions like the one Mr and Mrs B wanted to make. So I don't think TSB has to refund the interest it charged for the relevant Sunday.

My final decision

My final decision is that TSB Bank Plc should refund one of the two days of interest it charged Mr and Mrs B after they made their large lump sum payment at the end of 2024, plus 8% simple interest on that refund. And TSB Bank Plc should pay Mr and Mrs B £100 in compensation.

HM Revenue and Customs requires TSB Bank Plc to take off tax from the payment of 8% simple interest. TSB Bank Plc must give Mr and Mrs B a certificate showing how much tax it's taken off.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B and Mrs B to accept or reject my decision before 27 January 2026.

Esther Absalom-Gough
Ombudsman