

The complaint

Ms S and Mr S complain that HSBC UK Bank Plc trading as first direct didn't notify them that they could reduce the interest rate on their mortgage.

What happened

Ms S and Mr S took out a mortgage with first direct in 2010. The mortgage consisted of two offset accounts secured over the same property. They borrowed around £230,000 in total on interest only terms over 30 years.

The first account, with the majority of the borrowing, was on an interest rate that tracked at 2.39% above the Bank of England base rate. The second tracked at 2.79% above base rate. Both interest rates would apply for the whole mortgage term and did not come with early repayment charges.

In August 2025 Ms S contacted first direct to discuss the mortgage. She says that first direct told them they could have re-negotiated the tracker rates on their mortgage at any time over the past 15 years.

Ms S and Mr S complained. They said they knew they could have asked for a new interest rate product. But they didn't know they could have renegotiated the existing tracker rate. They said that first direct's failure to tell them about this for 15 years meant they'd paid much more interest than they needed to. It had told them what their existing rate was, but never told them it could be renegotiated. It should have told them about the options open to them.

first direct said that it published the interest rates it had available on its website. It also told Ms S and Mr S what their interest rate was, including when it changed as base rate changed. Ms S and Mr S could have asked for a new interest rate at any time.

Our investigator didn't think first direct had acted unfairly, so Ms S and Mr S asked for an ombudsman to review their complaint.

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.

first direct has said that we shouldn't consider this complaint, because it's out of time – given that the mortgage was taken out in 2010.

I don't agree about that. This isn't a complaint about what happened at the time the mortgage was taken out. It's a complaint about an ongoing issue for 15 years – Ms S and Mr S say that first direct had an obligation to tell them they could renegotiate their interest rate but failed to do so.

Our rules say that we can only consider a complaint about events within six years of when the complaint was first made, or – if this gives more time – within three years of when the complainant knew or ought to have known of cause for complaint.

I can therefore consider whether first direct failed in any duty to Ms S and Mr S for six years before they complained. I don't think I can consider any further back than that, though.

Ms S and Mr S say that the complaint should be considered to be in time for the whole period, because they only became aware that there was a problem in 2025 – before then, they couldn't have been aware of something that first direct hadn't told them about.

However, Ms S and Mr S did know what their interest rate was. They knew what they were being charged. They've said they did know they could ask for a new interest rate product. If they were unhappy about what they were paying from time to time, they would have known that too.

In any case, I don't think first direct has treated Ms S and Mr S unfairly. I think they're mistaken about what first direct said in 2025. I've listened to the call and the advisor didn't say that the existing tracker rate could be renegotiated, she said Ms S and Mr S could apply for a new interest rate. There is no facility for renegotiating an existing tracker rate. While they were on the interest rate products they selected in 2010, they would always be paying 2.39% and 2.79% above base rate. They couldn't have renegotiated a change to that tracker rate margin while remaining on their existing interest rate product – because the interest rate product was the tracker margin.

What Ms S and Mr S could have done at any time was to ask first direct for a new interest rate product instead. That new interest rate product could have been either a fixed rate or a tracker rate, depending on what first direct had available at the time.

first direct wasn't obliged to specifically draw that to Ms S and Mr S's attention and invite them to apply for a new interest rate product. If their existing product had expired, it would have told them that at the time. But it was a lifetime rate, so it never did expire. But mortgage lenders are not obliged to inform customers about the available of lower interest rates. It's up to a customer to apply if they want to do so.

In any case, Ms S and Mr S say in the complaint form that they knew they could apply for a new interest rate product at any time. So first direct drawing that to their attention wouldn't have told them anything they didn't already know.

I don't think first direct did anything wrong in not telling Ms S and Mr S they could renegotiate their existing tracker rate – because they couldn't, so there was nothing to tell them.

And I don't think it did anything wrong in not telling them they could apply for a new interest rate product either. It wasn't obliged to do so, and anyway Ms S and Mr S already knew that.

My final decision

For the reasons I've given, my final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms S and Mr S to accept or reject my decision before 13 April 2026.

Simon Pugh
Ombudsman