

## **complaint**

Mr and Mrs H complain that HSBC Bank Plc did not advise them that they could get a reduction in their interest rate when their loan to value ratio ("LTV") reduced. Mr and Mrs H would like HSBC to pay them the amount of interest they over-paid because of this failure which they calculate as £5,283.19.

## **background**

Mr and Mrs H got a mortgage with HSBC in 2014. They took out a tracker mortgage at an interest rate fixed at 2.09% above the Bank of England base rate. The rate was related to the LTV on their property which when they took out the mortgage was 80%. Mr and Mrs H say that the HSBC adviser told them at that time that as their LTV declined they would get a better interest rate automatically.

In 2017 HSBC told Mr and Mrs H that their interest rate was going up. When Mr and Mrs H contacted HSBC they were told that they could instead get a lower rate of interest because their LTV was at 70%. Mr and Mrs H say that their interest rate should have automatically adjusted as the HSBC adviser promised them. In any case Mr and Mrs H had a meeting with a Premier Account Manager in 2016 and a number of phone calls when they feel that the manager should have mentioned the possibility of a cheaper mortgage. Mr and Mrs H were also contacted by a HSBC adviser in 2017 about investments but no mention was made of the mortgage.

HSBC says that it doesn't advise customers if the LTV changes that they can apply for a different mortgage product. So, that's why it didn't contact Mr and Mrs H about that. It also says that initial contacts between Mr and Mrs H and HSBC account staff weren't pursued by Mr and Mrs H.

Our adjudicator didn't recommend that this complaint should be upheld. He felt that it was Mr and Mrs H's responsibility to request any rate switch they were interested in. Mr and Mrs H disagreed saying in summary that they don't feel that HSBC is meeting their personal needs and circumstances of a Premier Customer.

## **my findings**

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

Mr and Mrs H have been HSBC customers for sometime and are disappointed with the service they got from HSBC in this country particularly in comparison with the service they got abroad.

Mr and Mrs H's complaint is that they were assured by a HSBC adviser that the rate of interest applied to their mortgage would change if the LTV on their property changed. The problem for Mr and Mrs H is that the actual mortgage offer made by HSBC and accepted by them doesn't say that. The mortgage offer is effectively the contract that binds both parties and there is nothing in that which accords with Mr and Mrs H's view that the interest rate would reduce if the LTV changes.

I would have thought that the product that Mr and Mrs H believed they were offered would be an unusual product for the lender to offer as it would involve HSBC in an active monitoring of the valuation of its housing stock. Although that is possible there would clearly be regular

valuation costs which either the customer or HSBC would have to bear but again there is no mention in the mortgage offer of these. The mortgage offer is clear and doesn't involve the interest rate changing with the LTV. So, I believe it's unlikely that the mortgage adviser told Mr and Mrs H that the interest rate would move automatically with the LTV but rather that Mr and Mrs H could apply for a different mortgage product if their LTV reduced.

In any case Mr and Mrs H believe that their relationship managers should have mentioned the possibility of a new mortgage product when they had contact with them. It seems that the limited conversations that were held by the HSBC relationship personnel centred on investments. HSBC says that in 2016, Mr H aborted the review process because of work commitments and in 2017, Mr H said he wasn't interested in a review. Mr and Mrs H say that the discussions were about investments but not about mortgage products. But it doesn't seem that any substantial review occurred so it's hard to judge the adequacy of the review.

But it does seem that Mr and Mrs H knew that the interest rate on their product was based on the LTV of their property. Mr and Mrs H would have had a better idea than HSBC of the LTV as they would have had a better idea of the value of their property. So, Mr and Mrs H could have at any time asked for a mortgage review or asked whether with the lower LTV they could obtain a lower rate of interest. I consider it was reasonable to expect Mr and Mrs H to have started that conversation and so I don't believe I can fairly penalise HSBC if Mr and Mrs H chose not to do so. So, for the above reasons I can't fairly uphold this complaint.

### **my final decision**

My decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr and Mrs H to accept or reject my decision before 6 January 2019.

Gerard McManus  
**ombudsman**