

## **complaint**

Mrs P complains that UCB Home Loans Corporation Ltd ("UCB") coerced her into fixing her mortgage interest rate for 10 years. She says she's been overcharged interest as a result.

## **background**

In 2008 Mrs P contacted UCB to change mortgage products. She fixed her mortgage for 10 years on an interest rate of 6.19%.

In 2017, Mrs P complained to UCB. She said she'd been overcharged and she was coerced into taking out a 10 year deal. She said she thought she'd been given bad advice by UCB and a shorter deal would've been more suitable.

UCB said it hadn't given any advice to Mrs P. It said she'd contacted them to switch products and she agreed to take out a 10 year fixed rate. So it issued the new offer to her which she signed and returned.

Mrs P wasn't happy with UCB's response, so she brought her complaint to us. She said it was unethical and irresponsible of UCB to offer 10 year fixed rates. And she said that because of the early repayment charge she wouldn't be able to change her interest rate to a lower one. She said this wasn't fair.

Our investigator didn't think UCB had given any advice to Mrs P, so he didn't think it had coerced her into taking out the 10 year fixed rate. He also said the early repayment charge was clearly outlined to Mrs P before she signed the agreement. And UCB were entitled to charge this.

Mrs P didn't agree. She said it was unethical to offer 10 year fixed rate products, and she should've been offered a shorter term. It was irresponsible lending for UCB to give her a rate of 6.19%.

As Mrs P didn't agree, the complaint has come to me for a decision.

## **my findings**

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

Due to the length of time since Mrs P called UCB, I haven't been provided with a recording of that conversation. But Mrs P's recollections of her telephone call with UCB are that it was brief and very easy to switch. She said she wasn't dissuaded from taking out the 10 year deal. But this isn't the same as being given advice.

UCB has said it didn't provide advice to Mrs P. I've looked at the documentation sent to Mrs P. It says it hasn't recommended a particular product. On balance, taking into account what both sides have said, I think it's more likely that UCB didn't give advice to Mrs P. As such it needed to give her information was that clear, fair and not misleading, but it didn't have to assess if the product was suitable for her.

The offer letter outlines the interest rate and the term Mrs P was agreeing to. It also explains there is a 5% early repayment charge if Mrs P wanted to end the deal early. So I think it made this clear to her. If she didn't want to agree to the fixed rate, she didn't have to.

Mrs P says it's unethical that UCB offered a 10 year fixed rate. She classes this as irresponsible lending, even though she says affordability wasn't an issue. But I don't agree that is the case. UCB is entitled to offer mortgage products at different rates and for different periods of time. Mrs P didn't have to accept what UCB offered in 2008. UCB did offer other fixed terms in 2008, but these were charged at a higher interest rate to the 10 year deal. And the arrangement fee for the 10 year deal was lower than that of most other fixed rates offered by UCB. So it's possible this is why Mrs P decided to take out this rate.

Mrs P could've ended her deal early, and paid the early repayment charge, if she thought it would lower the amount she needed to pay back in the long run.

I understand Mrs P think she's overpaid. She says if her fixed rate had ended after three or five years she'd have been able to take advantage of lower interest rates. But when Mrs P signed the agreement in 2008, she was agreeing to pay an interest rate of 6.19% for 10 years. So whilst Mrs P may think she's paid more interest than she could've done elsewhere, she's paid the interest she agreed to under this agreement. So she hasn't been overcharged on her mortgage and hasn't overpaid.

I understand Mrs P's agreement is coming to an end in May 2018. At which point she can take out a new product. But I don't think UCB needs to do anything differently at this stage.

### **my final decision**

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs P to accept or reject my decision before 26 February 2018.

Michelle Henderson  
**ombudsman**