

The complaint

Mr B1 and Mr B2 complain that they received no notification from Godiva Mortgages Limited when the fixed interest rate on their Buy To Let ("BTL") mortgage ended. They said Godiva should refund the higher interest it had applied, and waive charges on a different mortgage.

What happened

Whilst this complaint is brought by both Mr B1 and Mr B2, as the mortgage is in both their names, our dealings have been with Mr B1. So I'll mainly refer to him in this decision.

Mr B1 said he'd been a customer of Godiva for some time, and had more than one mortgage with them. He said he contacted Godiva about something else, and discovered the fixed interest rate period on his BTL mortgage had ended. He'd been paying the Standard Variable Rate ("SVR") for some months.

Mr B1 said Godiva claimed to have written to him, but he said because of postal issues at his address, he didn't get the letters. And he didn't notice otherwise, because there was no change to his monthly payment. So he didn't realise around £400 more of his payment each month was being used to pay interest.

Mr B1 said he complained, saying Godiva should have emailed too, but Godiva said it hadn't held an email address for him at the time. Mr B1 said it did have an email address, on another mortgage that it held for him. He said Godiva hadn't tried to contact Mr B2 either. And it didn't change the payments it was taking, so he'd notice.

Mr B1 said Godiva accepted there had been a communication breakdown, but wouldn't offer him the fixed interest rate he could have secured in May 2022, or any goodwill payment towards the extra mortgage interest he had been charged. Mr B1 thought Godiva acted deliberately to avoid alerting him to the change in interest rates.

Mr B1 said he couldn't afford the cost of the mortgage products then available to him, so he'd borrowed, mainly from family, to clear the mortgage. He said even after he repaid, Godiva didn't release the charge on the property for three months. Again, it said it had written to him, and he didn't get the letters.

Godiva didn't think it had done anything wrong. It said it had written to Mr B1 and Mr B2, at the address it held for them, on 11 January and 21 February to tell them that the fixed interest rate on this mortgage would expire at the end of April. It wrote on 19 April telling them what the new interest rate would be.

Godiva said it then wrote again after the fixed rate period ended, on 18 May, to tell them about another interest rate change following an increase to the Bank of England base rate.

Godiva said it notifies its customers about the end of their fixed rate products by letter, and it relies on the postal service to deliver these letters.

Godiva said if Mr B1 wanted to redeem this mortgage, it would backdate this by a couple of weeks, to the start of that month. But it wouldn't refund the interest it had charged, and it wouldn't remove the early repayment charge on the other mortgage held with it.

Our investigator didn't think this complaint should be upheld. He said Godiva had previously written to Mr B1 to tell him about the end of the fixed interest rate on this mortgage in December 2015, March 2017 and January and February 2019. Each time Mr B1 returned a signed form, fixing his BTL mortgage interest rate for a further period. So he thought Mr B1 knew to expect a letter about this.

Our investigator said Godiva told Mr B1 about when his latest fixed rate would end when he took that product, in 2019. And it then wrote to him again telling him the rate was about to expire, three times in early 2022, before the rate did expire. Our investigator didn't think Godiva also had to email or call. He said it did what it had done before, and Mr B1 should have been aware that this was Godiva's process.

Our investigator said Mr B1 didn't notice the change in interest rates, because he had a sizeable monthly overpayment set up on this mortgage. Our investigator hadn't seen any reason why Godiva shouldn't have left that overpayment in place. And he didn't think Godiva had to do anything to put things right here.

Our investigator said he hadn't looked at what happened when this mortgage was redeemed, because Mr B1 hadn't yet complained to Godiva about that.

Mr B1 disagreed. He said Godiva didn't use the details it held for him on another mortgage to contact him and also didn't try to contact the other person named on the mortgage, Mr B2. Mr B1 said he shouldn't have to rely on the product notification from three years previously to tell him about the maturity date for his fixed rate mortgage. He said processes change, and here Godiva couldn't show the letters were received. He said surely Godiva would have sent recorded delivery letters if it received no reply?

Mr B1 said his overpayment was a contractual agreement, so he thought that would also have expired when his fixed interest rate ended, and Godiva should have cancelled that too.

When our investigator didn't change his mind, Mr B1 asked for his complaint to be considered by an ombudsman. So it was passed 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 don't think our investigator has suggested that Mr B1 needed to rely on a notification about the end date of his fixed rate mortgage which was given to him some three years earlier, at the start of the mortgage. He only noted that Mr B1 was made aware of this at the time. But he also said Godiva wrote to Mr B1 and Mr B2, at the address it had been given for them, three times in total before their mortgage interest rate changed.

Like our investigator, I think Godiva did do enough to let Mr B1 and Mr B2 know about this change to the mortgage. I think it's reasonable for Godiva to have assumed, in this case, that Mr B1 would have received the correspondence it sent. So I don't think it also had to send letters by recorded delivery, or to email or call. And I would have said the same here

even if Godiva had held both a phone number and an email for Mr B1, directly linked to this mortgage.

In the current market, not all mortgage customers are choosing to refix their mortgage interest rates right away. So, even though Mr B1 had always done that before, I don't think Godiva ought to have realised that these letters hadn't been received, just because it received no response. And I haven't seen anything else to make me think that Godiva had been made aware of problems with correspondence reaching Mr B1 at the address he'd given it.

I don't think Godiva has to pay back the higher interest that was charged on this mortgage while it was on the SVR. I understand Mr B1 was disappointed to find that a larger part of his overpayment was being used to pay interest on this mortgage, but I don't think it's Godiva's fault that he didn't realise this earlier.

As our investigator noted, Mr B1 hasn't complained to Godiva that it should have ended his overpayment when his fixed rate ended, or about what happened when he redeemed his mortgage, so I won't look at those issues here.

I know Mr B1 will be disappointed, but I don't think this complaint should be upheld.

My final decision

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B1 and Mr B2 to accept or reject my decision before 20 November 2023.

Esther Absalom-Gough

Ombudsman