

The complaint

Mr and Mrs L's complaint is that, because of difficulty in speaking to The Governor and Company of the Bank of Ireland trading as Bank of Ireland Mortgages (referred to here as BOI), they missed out on the interest rate product they wanted for their buy-to-let (BTL) mortgage. Mr and Mrs L also say that they were not told, and so remained unaware, that interest rate products were subject to change and could be withdrawn.

To settle the complaint Mr and Mrs L would like BOI to honour the interest rate of 3.89%, which is the rate they were trying to discuss with the bank, or to compensate them for the difference in that rate and the rate they now have on the mortgage.

Mrs L has dealt with the complaint throughout, with the consent of Mr L.

What happened

I do not need to set out the full background to the complaint. This is because the history of the matter is set out in the correspondence between the parties and our service, so there is no need for me to repeat the details here. In addition, our decisions are published, so it's important I don't include any information that might lead to Mr and Mrs L being identified. So for these reasons, I will instead concentrate on giving the reasons for my decision. If I don't mention something, it won't be because I've ignored it; rather, it'll be because I didn't think it was material to the outcome of the complaint.

Briefly, on 5 September 2022 Mrs L tried to log into the online customer hub to look at new mortgage interest rates for a BTL mortgage she and Mr L held with BOI. She wasn't able to log in, and so sent messages requesting a call back.

Mrs L spoke to BOI on 10 September 2022. She wasn't happy with call waiting times, and was also disappointed that new customers were offered better interest rates than existing customers, and complained about this.

In its final response letter BOI explained that, at that time, call waiting times had been longer than expected. The bank paid compensation of £50 for this. BOI also explained that it was entitled to offer different rates for new business customers, and wasn't under any obligation to offer the same rates to existing customers.

Mrs L didn't accept BOI's response, because she said she'd never been told that interest rates shown on BOI's website were subject to change and could be withdrawn. BOI explained that it wasn't required to provide any warning about the withdrawal of fixed rate products, and couldn't reinstate a rate that had already been withdrawn.

Mr and Mrs L applied for a new two-year fixed rate product of 4.89%, which was effective from 1 October 2022. However, they remained dissatisfied with BOI's response to their complaint and brought it to our service.

Mrs L says that, after locking herself out of the online portal on 5 September 2022, she had a brief discussion with someone at the bank who told her she could choose a rate from those available in the portal, before 19 September 2022, to take effect from 1 October 2022. Mrs L was disappointed to note, however, that the available rates were based on a much higher loan-to-value ratio (LTV) than on her and Mr L's property, which had a 34% LTV.

On 7 September 2022, before Mrs L was able to speak to someone, she noticed that interest rates had risen by 0.6%, but there had been no warning given that rates could change. Mrs L said that if she'd known the interest rates were going to change, she'd have booked a rate on 5 September 2022 rather than waiting to speak to someone at BOI. Mrs L said she tried to call BOI, but after holding for just over an hour, she had to go to work and so ended the call.

Mrs L says that she'd assumed on 5 September 2022 that she had until her current deal expired to choose a new rate. This led her to believe that the rates she'd initially been shown on the portal on 5 September 2022 were "*her rates*" and that was what she was being offered. Consequently, Mrs L believes BOI should honour the interest rate she first saw on 5 September 2022, a rate of 3.89%.

An investigator looked at what had happened but didn't think BOI had done anything wrong. She noted that the online portal had told Mrs L on 5 September 2022 that BOI would be in touch within ten days but that Mrs L had called two days later because she'd noticed an increase in the rates. The investigator was satisfied that BOI's website confirmed rates were subject to variation and could be withdrawn.

Mrs L claimed it would have been "*impossible*" for her to have booked a rate online, and that she thought the rates were "*her rates*" and so wouldn't change. The investigator noted, however, that Mrs L had also said that, if she'd known rates were going to change, she'd have booked the rate online on 5 September 2022 rather than waiting to ask BOI about her LTV and whether that would affect available rates. Mrs L says that she couldn't be expected to know that interest rates would change.

The investigator was also satisfied that BOI was entitled to offer different rates to new customers. The investigator thought the £50 for the call waiting time was fair and so didn't think BOI needed to do anything further.

Because the matter is unresolved, it falls to me to issue a 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.

It's important to remember that this is a BTL mortgage, not a residential mortgage, and so the regulations that apply to residential mortgages - the Mortgages and Home Finance: Conduct of Business Sourcebook – do not apply to this mortgage. BTL mortgages are considered to be commercial mortgages, and they are unregulated. Therefore BOI wasn't under any obligation to give Mr and Mrs L advice about their mortgage. As commercial customers, it is up to Mr and Mrs L understand how their mortgage operates, including the variable nature of interest rates.

In the rate switch section on BOI's website it says: "*Our rates can be withdrawn at any time and without notice.*" The reason for this is that BOI, like other mortgage lenders, borrows

funds in the wider financial markets at fixed rates. This allows BOI to offer a particular interest rate product on a portion of the funds it has borrowed. Rather like a cake that is cut into slices, borrowers apply for a 'slice' of the borrowing (referred to as a 'tranch'), and once all the tranches have been reserved, the product is withdrawn. There is no way of knowing when this will happen, as it is demand led, and subject to market conditions.

So whilst I appreciate how disappointing it was for Mr and Mrs L that rates went up between 5 September 2022 and 7 September 2022, and then increased again after that, I'm not persuaded that BOI ever guaranteed a specific interest rate product to Mr and Mrs L.

It's unfortunate Mrs L wasn't able to speak to someone on 7 September 2022, but BOI, like other lenders in September 2022, was experiencing very high call volumes. I'm satisfied that Mr and Mrs L could, if they'd wanted to, have booked a rate online without the need to speak to BOI. Mrs L's position is that, while she had an outstanding question relating to the LTV, she couldn't have booked a rate, but thinks BOI should have held the rate that would have been available on 5 September 2022 until her question was answered.

However, I'm not persuaded that would have been reasonable; other customers were entitled to apply for that rate and so it would not have been fair for BOI to allow Mr and Mrs L to book a rate online while they decided whether or not they might, or might not, apply for it once their queries had been answered.

As I said above, as commercial customers, the onus was on Mr and Mrs L to understand how their mortgage worked, and to be aware of the information on BOI's website about the bank's entitlement to withdraw interest rate products without notice. I'm therefore not persuaded that BOI is under any obligation to offer Mr and Mrs L an interest rate product which they didn't apply for, and which later expired.

Overall I think the £50 paid by BOI for the inconvenience caused to Mrs L when she had to terminate a call after 70 minutes is fair and reasonable. Because I'm not upholding the complaint about the withdrawn interest rate products, I'm not ordering BOI to do anything further.

My final decision

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

This final decision concludes the Financial Ombudsman Service's review of this complaint. This means that we are unable to consider the complaint any further, nor enter into any correspondence about the merits of it.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs L and Mr L to accept or reject my decision before 27 November 2023.

Jan O'Leary
Ombudsman