

The complaint

Mr L complains that HSBC Bank UK Plc didn't tell him that interest rates dropped after he booked a new interest rate product. He asks that HSBC applies a lower rate to his mortgage.

What happened

Mr L's interest rate product was due to expire on 31 January 2023. In late 2022 Mr L spoke to HSBC about taking out new products. HSBC said he could book a product and change this at any time up to 1 February 2023, when the product was due to take effect. Mr L says HSBC didn't tell him that rates reduced on 30 January 2023. He wasn't aware of this until it was too late to change as the product he'd chosen had taken effect.

Mr L says he feels betrayed. He says not being able to take out the lower rate has caused him mental stress and anxiety and affected his sleep.

Our investigator said there was no requirement for HSBC to contact Mr L when it changed its interest rate products. She said it was for Mr L to check and contact HSBC if he wanted to change products.

Mr L didn't consider this was a fair outcome and asked that an ombudsman re-consider the matter.

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.

When Mr L spoke to HSBC in late 2022 it gave him correct information. HSBC said interest rates can change at any time. It said Mr L could secure a new product straightaway and cancel it and take out a different product at any time up to 1 February 2023.

HSBC issued a new product offer in October 2022. After this, Mr L found products online and applied for products on an execution only basis. HSBC issued new product offers on 11 October 2022, 15 December 2022 and 30 December 2022.

There's no suggestion Mr L was contacted by HSBC before making these applications. He actively made these applications, so I think he was reasonably aware that HSBC didn't automatically update his product choice when lower rates became available.

Based on the available evidence, I don't think HSBC told Mr L that it would tell him when rates changed or said that it would automatically update the product he'd chosen if better rates became available. In fact, on the call in October 2022, HSBC's adviser told Mr L he could cancel the product at any time until it took effect and choose a different product. I think HSBC made Mr L reasonably aware that it was for him to check what products were available and contact HSBC if he wanted to change product.

It's unfortunate that Mr L wasn't aware that HSBC changed its product rates on 30 January 2023 until after his product took effect. I appreciate how disappointed Mr L is to have missed

out on a lower interest rate product, and I'm sorry this has affected his wellbeing. But HSBC wasn't required to notify him when it changed its product range, so I can't fairly find it make an error when it didn't do so.

HSBC applied the new interest rate product selected by Mr L on 1 February 2023. I don't think it made an error or treated Mr L unfairly when it did so. It follows that I don't think it's fair and reasonable to require HSBC to apply a lower interest rate to Mr L's mortgage.

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 L to accept or reject my decision before 11 December 2023.

Ruth Stevenson
Ombudsman