

The complaint

This complaint's about Mr H's mortgage with The Mortgage Business plc (TMB). Mr H say TMB has denied him access to a lower interest rate and treated him unfairly as a result.

What happened

Mr H's mortgage started in 2007. Initially, the mortgage was on a fixed rate, which ran until 2009. Since then, no interest rate product has been attached (TMB had become a closed lender and stopped offering new rate products in 2008) and instead interest has been charged at TMB's standard variable rate (SVR).

In September 2022, Mr H complained that he'd been denied a lower rate.

TMB rejected the complaint, and it was passed to our service. Our investigator didn't recommend the complaint be upheld. Mr H asked for his complaint to be referred to the ombudsman.

By way of a jurisdiction decision dated 1 November 2023, I confirmed that my remit to consider the merits of this this complaint was confined to the interest charging events that took place since September 2016

What I've decided – and why

I'll start with some general observations. We're not the regulator of financial businesses, and we don't "police" their internal processes or how they operate generally. That's the job of the Financial Conduct Authority (FCA). We deal with individual disputes between businesses and their customers. In doing that, we don't replicate the work of the courts.

We're impartial, and we don't take either side's instructions on how we investigate a complaint. We conduct our investigations and reach our conclusions without interference from anyone else. But in doing so, we have to work within the rules of the ombudsman service, and the remit those rules give us.

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

The complaint is about whether TMB either:

- placed obstacles in the way of Mr H getting a new rate; and/or
- failed to take reasonable steps to let him know this was a possibility for him to explore.

My remit is confined to what has happened since September 2016, but I must also consider if events prior to that date impacted on what happened after it.

As I've already set out, TMB had become a closed lender whilst the tracker rate was running. That meant that there would not be an opportunity for Mr H to take a new deal with

TMB, rather than go onto SVR, when the fixed rate ended in 2009. However, that in itself wouldn't have prevented Mr H from looking for a better deal by re-mortgaging to another lender, and TMB told Mr H this during the phone conversation of June 2009.

Mr H has told us he spoke to TMB about changing his interest rate many times over the years, but in the period since September 2016, the only occasion TMB has on record is from October 2020, when Mr H called because he was in difficulties as a result of the COVID-19 pandemic. Although TMB as a closed lender couldn't offer him a new rate of its own, this was an opportunity for it to tell Mr H about the option of applying to re-mortgage to another lender within the same business group without the need for an affordability assessment. TMB didn't tell Mr H about this, but I don't think the omission resulted in Mr H being treated unfairly.

That's because Mr H told TMB in the October 2020 phone call that he had put the mortgaged property up for sale. If Mr H had re-financed with another lender on a new rate product, and then sold his house, it's more likely than not that he'd have had to pay a significant early repayment charge (ERC) to the new lender on redeeming the mortgage whilst the interest rate product was active.

In that circumstance, encouraging Mr H to pursue the possibility of a new deal with another lender might not have been the most appropriate course of action. Rather than saving him money, it would in all probability have cost Mr H money if he had succeeded in selling his home as planned. TMB couldn't have known in October 2020 that Mr H would still own the house when he started his complaint two years later.

Equally, Mr H couldn't know that either. It seems to me that if TMB had told him about the possibility of re-financing to another lender, the prospect of paying an ERC when he then sold would more likely than not have put him off changing lenders, rather than putting him off selling. I appreciate he might not agree with that now, but I can't take into account the impact of hindsight. At the time, Mr H was quite adamant that this was the right time to sell his house, and move into another property he owns.

All TMB could do was judge the situation as presented to it in October 2020. Having listened to Mr H's phone conversations with TMB in October 2020, I think it judged his circumstances fairly and reasonably.

Mr H's primary objective in the call was to ask about switching from capital repayment to interest-only, and TMB explained to him that the bulk of the mortgage was already interest-only. As to any other concessions, TMB's room for manoeuvre was limited; Mr H had already made use of the options available for borrowers in hardship in the wake of the pandemic, his account was up to date at that point, and he wasn't prepared to consider any option that might impact on his credit file. All that left for the call-handler to suggest was a possible term extension, for which Mr H didn't show much enthusiasm, perhaps because he didn't anticipate having the mortgage for much longer.

My final decision

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

My final decision concludes this service's consideration of this complaint, which means I'll not be engaging in any further consideration or discussion of the merits of it.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 4 December 2023.

Jeff Parrington

Ombudsman