

The complaint

Mr and Mrs B have complained about the online process for renewing their buy-to-let (BTL) mortgage interest rate product with Bank of Ireland (UK) Plc (BOI).

They say that, as a result of confusing information on BOI's customer portal, they accidentally applied for a new BTL mortgage rather than an interest rate renewal. By the time the confusion was resolved, interest rates had increased. Mr and Mrs B want BOI to reduce the interest rate on their mortgage.

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.

Briefly, Mr and Mrs B have a BTL mortgage with BOI. In September 2022 the interest rate product attached to the mortgage was about to expire and Mr and Mrs B were sent a letter inviting them to apply for a new rate online.

The customer portal invited them to 'See my rates' (highlighted in blue), which, if clicked, would have shown them the interest rates they could have applied for. However, instead Mr and Mrs B clicked 'Apply for a new BTL mortgage', which was further down the screen and started the process for a new BTL product.

They were given an illustration for an interest rate product of 3.88% fixed for five years – a rate only available to new business customers. However, because Mr and Mrs B were already BTL customers, the application couldn't proceed and it was declined. This then prevented Mr and Mrs B from applying for a new rate online. By the time they were able to secure a new interest rate product in December 2022, rates had increased from 4.69% (the lowest rate Mr and Mrs B could have had in September 2022) to 5.79%, applicable from January 2023.

Mr and Mrs B complained to BOI. BOI said that an initial issue concerning the name on the application wasn't the reason the application was declined. The bank explained that the application had been declined because Mr and Mrs B, as existing borrowers, weren't eligible to apply for a new business mortgage.

BOI explained that Mr and Mrs B would never have been eligible for the 3.88% rate they'd wanted, as this was only available to new customers. BOI recognised its communication could have been better and offered £75 compensation.

Mr and Mrs B didn't accept this and brought their complaint to our service. An investigator looked at what had happened and thought the complaint should be upheld. The investigator thought Mr and Mrs B had made a genuine mistake in applying for a new BTL mortgage rather than a rate switch.

The investigator asked BOI to compensate Mr and Mrs B for the difference in payments between the 4.79% product they'd have been eligible for in September 2022 and the 5.79% product they took out over the five-year term, plus simple interest of 8% per annum. She was satisfied that the compensation BOI had paid for distress and inconvenience of £75 was fair.

Mr and Mrs B agreed with the investigator's findings, but BOI did not. The bank provided screenshots of the process to follow for a rate switch, and disputed that Mr and Mrs B had accidentally applied for a new mortgage. The bank didn't think the investigator's outcome was fair and asked for an ombudsman to review the complaint.

Provisional decision of 20 November 2023

I reached the following provisional conclusions.

Mr and Mrs B acknowledge that they received a letter telling them that if they wanted to renew the interest rate on their BTL mortgage they could do so through BOI's customer hub. I've looked at the screenshots of what Mr and Mrs B would have seen.

I can see the green highlighted section which says

"You're able to switch your rate!"

Click 'See my rates' to view the mortgage rates available to you, then apply when you're ready."

There is a highlighted button which says "See my rates". This is followed by a mortgage summary showing the existing mortgage products the customers have, showing the interest rate, the balance and the monthly payment. Above the mortgage product details is another box which says "Switch to a new deal – apply today".

At the foot of the screen are two other boxes, not highlighted, which say "Start a new residential mortgage application" and "Start a new Buy to Let mortgage application".

Mr and Mrs B say they were confused by the portal and so rather than click the highlighted box that says "See my rates" they instead went to the bottom of the screen and clicked "Start a new Buy to Let mortgage application", which ultimately led to the chain of events described above.

If Mr and Mrs B had clicked the "See my rates" box, this would have taken them to that part of the customer portal which showed the rates available for their mortgage. They would then have been able to select the mortgage account for which they wanted a new rate and choose the rate they wanted, being prompted throughout for such things as payment of any product fee and giving options to add the fee to the mortgage, reduce the mortgage term, etc before providing confirmation of what has been selected. (BOI does not provide an advisory service for BTL mortgages, so this is an execution-only process.)

I don't think that the information presented by BOI on its portal is unclear. I also think it's unlikely that BOI told Mr and Mrs B that lots of customers make the same mistake and accidentally apply for new business mortgages rather than product switches. Given this, I am not persuaded Mr and Mrs B were confused by incorrect or misleading information on the portal into applying for a new mortgage rather than a product switch.

Consequently, I do not think it would be fair or reasonable for BOI to be expected to compensate Mr and Mrs B for the difference in interest rates that they could have had if they'd followed the correct process in September 2022 and the rate they took out from January 2023.

I can see there was some confusion after the application was submitted, because it was initially being processed as a new business application, and BOI had thought it was submitted through a broker. But I can see that on 16 September 2022 the bank told Mr B that there was an option on the customer hub to get a new deal.

Unfortunately by that point the new mortgage application had been declined, because it wasn't something for which Mr and Mrs B were ever eligible to apply, being existing customers. This then blocked them from applying for a new rate online. Unsurprisingly, staff at BOI were also confused about what had happened. However, I note that Mr and Mrs B acknowledged on 4 October 2022 that they were aware that the issue was that they'd not gone through the correct process.

I concluded that BOI was not required to compensate Mr and Mrs B for the difference between the interest rate they could have had if they'd switched in September 2022 and the rate they took out in January 2023. I did think that, for lack of clarity in its communication in late September/early October 2022, BOI should pay an additional £75 compensation on top of the £75 already paid, £150 in total.

Responses to the provisional decision

BOI accepted my provisional decision. Mr and Mrs B did not. Mr B said I was biased and asked for the case to be passed to a different ombudsman. He also made some detailed comments, which I summarise below.

- he had just logged into the portal again and could not see any 'see my rates' button so it is understandable this was missed at the time;
- he is unhappy that his integrity is being questioned;
- BOI should have done more to resolve their query about why the application hadn't gone through;
- this was a BTL, not a business, mortgage, so he is confused about reference to "*new business*";
- it would have been better if he could have gone into his local BOI branch and made the application in person.

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 can understand why Mr and Mrs B are unhappy at my provisional decision, and I've taken careful note of all the comments Mr B has made. However, after reconsidering the case from the outset, including Mr B's further points, I am still not persuaded that BOI is at fault.

First, I apologise if I offended Mr B, and I can assure him that I was not questioning his integrity. I will clarify my point; I think that if multiple customers were making the same mistake, suggesting a systemic failure on BOI's portal to draw the attention of customers to new rates and the correct process to follow, the bank would have identified and addressed this.

The mistake would have meant that customers would have had to ignore the invitation in the green banner to click the 'See my rates' box, ignore the box itself (which, is prominent) and then scroll down to a box that is not prominent to apply for a new BTL mortgage. I am not persuaded that multiple customers were doing this, because the process as outlined in the screenshots provided (and which Mr and Mrs B have copies of) is intuitive, directing the customer to the correct process.

It is more difficult in my opinion to select the wrong option (scrolling down to the end to apply for a new mortgage) than the right one (clicking the box immediately below the banner to see the new available rates and following the steps from there to pick a new rate).

Mr B provided a screenshot he'd taken in November 2023 which, he says, does not have a 'See my rates' button to click. I agree with Mr B; his screenshot doesn't show a 'See my rates' button, nor would I expect it to. That is because, at the moment, there are no new rates available to Mr and Mrs B for this mortgage, because they have only recently taken out a new product and are tied into it. The 'See my rates' button would only appear at the point where customers are entitled to apply for new rates because their existing products are about to expire, as was the case in September 2022.

Although Mr B believes the screenshot he has now provided supports his case, it in fact does the opposite. That's because Mr B's screenshot says, prominently at the top: *"Switch this account to a new rate from 01/08/2027. Your new rate will start when your current fixed rate ends."* There would be no reason for BOI to signpost Mr and Mrs B to a new rate when there are none available. Instead, BOI has highlighted when the current rate will end. Mr and Mrs B are almost four years away from the point where BOI will be able to offer a new rate on this mortgage, and so there is, of course, no 'See my rates' box available to them in 2023.

I don't think BOI is at fault for not identifying the issue earlier; the application had been made as 'new business' (as clarified above) with a fresh application form. I therefore don't think it would have been obvious to the staff that deal with new business applications that this was meant to have been a rate renewal.

I'll clarify that the reference to 'new business' simply means an application from customers who are applying for a new mortgage. There is therefore no confusion on my part. Mr and Mrs B had started a new mortgage application, and so it was considered 'new business' by BOI. However, for the sake of clarity, I will explain that BTL mortgages *are* a type of commercial mortgage because the borrowers are using the property to generate income and capital growth as an investment.

I fully accept that Mr and Mrs B would have preferred to have made their application for a rate switch in person, in a branch. However, that is not part of BOI's business model. I don't have any power to tell BOI how to run its business. In common with modern banking practice, mortgage administration is largely a centralised process, and isn't something that falls within the scope of day-to-day branch banking activity.

I acknowledge that Mr and Mrs B made a genuine mistake in applying for a new BTL mortgage rather than following the onscreen process to apply for a rate switch. I appreciate that they believe that this is because BOI didn't make the process sufficiently clear. But as I've explained in both my provisional decision and above, I'm not persuaded that BOI is at fault as I am satisfied that the process to follow *was* clear.

If Mr and Mrs B are experiencing any difficulty in paying the mortgage, they should speak to BOI about this. As this is an unregulated mortgage, the protections put in place by the

regulator for residential mortgage customers don't apply here. However, BOI is still required to treat Mr and Mrs B fairly and sympathetically if they are suffering financial hardship.

Putting things right

Neither Mr and Mrs B nor BOI has challenged my award of £150 (including £75 already paid) for distress and inconvenience caused by poor communication arising from the confusion in the new BTL application, so I can see no basis on which to amend this.

My final decision

My final decision is that Bank of Ireland (UK) Plc must pay Mr and Mrs B compensation of £150 (including £75 already paid) in full and final settlement of this complaint. I make no other order or award.

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 B and Mr B to accept or reject my decision before 2 January 2024.

Jan O'Leary
Ombudsman