

The complaint

This complaint's about an interest-only mortgage that Mrs and Mr G hold with Skipton Building Society. They're unhappy that Skipton wouldn't allow them access to a lower interest rate on the mortgage without first holding a telephone appointment to review their wider circumstances.

Mrs and Mr G didn't think that was necessary, and believe they should have been provided with a new rate when they asked for it. It's a joint mortgage Mrs G has recently joined in the complaint, but before that, all our interaction about the case has been with Mr G alone.

What happened

The broad circumstances of this complaint are known to Mrs and Mr G and Skipton. I'm also aware that the investigator issued a response to the complaint, which has been shared with all parties, and so I don't need to repeat all of the details here.

Our decisions are published, and it's important that I don't include any information that might result in Mrs and Mr G being identified. Instead I'll give a brief summary of the main points, and then focus on giving the reasons for my decision. If I don't mention something, it won't be because I've ignored it. It'll be because I didn't think it was material to the outcome of the complaint.

According to the documentation Skipton has sent us, Mrs and Mr G's mortgage started in 2007, initially with a different lender, which I'll call A. The offer shows that the mortgage was taken out on the advice and recommendation of a third party intermediary, a broker firm I'll refer to as G. The offer also records that the mortgage was taken on an interest-only basis, on an initial fixed rate until the end of 2009, at which point it would revert to A's standard variable rate (SVR). The mortgage was transferred to Skipton in June 2021.

In September 2021, Mrs and Mr G referred a complaint to us over Skipton saying the mortgage was in arrears; something they disputed. The case was considered by one of our investigators, who wasn't persuaded the complaint should be upheld. That was in April 2022, and whilst Mrs and Mr G were given the option of having the complaint reviewed by an ombudsman if they wanted, they didn't take us up on that. That complaint was closed in May 2022.

We received a new complaint – the one I'm looking at here – initially just from Mr G in October 2022. He had approached Skipton about securing a new interest rate product for the mortgage. Skipton had insisted on having an advised telephone appointment with them before it would agree to provide a new rate. In its final response to the complaint, Skipton said it was a regulatory requirement that it have an advised conversation regarding Mrs and Mr G's strategy for repaying the capital, and once that had happened, it could have a non-advised conversation about a new rate.

On bringing this complaint to us, Mr G also expressed his unhappiness that Skipton was continuing to pursue him and Mrs G about the arrears, which they still disputed. Our investigator explained that she would not be revisiting the validity or otherwise of the arrears,

because we'd already done so in the previous complaint, and Mrs and Mr G hadn't asked for that case to be reviewed.

On the basis that we'd previously found the arrears to be legitimate, the investigator concluded it was reasonable for Skipton to want to speak to Mrs and Mr G, not just about the arrears but also their repayment strategy for the capital, and a possible new rate. She noted that an attempt to have such a conversation in September 2022 had stalled, but made the point that it was for Mrs and Mr G to approach Skipton again. Mr G asked for the complaint to be reviewed by an ombudsman.

Whilst the case awaiting allocation to an ombudsman, a telephone appointment was held in April 2023. Subsequent to this, Skipton agreed to provide Mrs and Mr G with a new interest rate product.

When the case came to me, I instructed the investigator to arrange for Mrs G to join the complaint. If there's more than one eligible complainant, but only one has contacted us, we'll investigate a complaint at the initial stage, as we did here. But if a complaint requires a final decision from an ombudsman, we will then require all eligible complainants to join the complaint.

That's because a final decision from an ombudsman is binding on all parties if the complainant(s) accept(s) it, and is potentially enforceable in court. It's therefore essential that we know that all eligible complainants are acting in unison towards a common purpose.

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.

One of the provisions in our rules is that, generally speaking, we don't look into the same complaint twice. We've already looked into the complaint Mrs and Mr G raised about the validity or otherwise of the arrears Skipton said existed on their mortgage, and didn't find in their favour.

They were given the opportunity to have that complaint determined by an ombudsman and chose not to pursue it. Accordingly, that issue will not form part of my final decision. Any reference I make to the arrears will be for context only, and will be predicated on the assumption that they were legitimate.

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

My starting point on this complaint that no borrower is *entitled* to a lower rate; lenders have to consider context and individual circumstances in all cases, along with the regulatory framework in place at the relevant time. They also each have their individual lending criteria and appetite for risk. It's not the role of the Financial Ombudsman Service to say what those criteria should be, or to second-guess lenders' judgement on risk.

They key thing to remember here is that Skipton didn't refuse to provide Mrs and Mr G with a new rate. Rather, it said it would consider doing so, provided they agreed to engage in a wider conversation about the arrears and their strategy for repaying the capital of their interest-only mortgage. In all the circumstances, I don't think that was either unfair or unreasonable in the current regulatory climate.

Arrears and repayment strategies for interest-only mortgages are both factors about which the FCA requires lenders to engage pro-actively with borrowers. In a situation where borrowers with an interest-only mortgage that was in arrears wanted a new interest rate product,

Skipton did what I'd expect a prudent lender that was mindful of its regulatory obligations to do. I appreciate Mr G in particular considered this to be an unnecessary condition, but whilst he might have considered it unwelcome, it wasn't unfair, which is the test I have to apply.

It's regrettable that it took until April 2023 for an appointment to take place, and I note that when it did, one outcome of this was that Mrs and Mr G were granted a new rate. But I can't fairly say the delay is Skipton's responsibility. When the first effort at holding an appointment stalled in September 2022, as the parties seeking a new rate, I consider it was incumbent on Mrs and Mr G to take the initiative in setting up another appointment. I don't think it was up to Skipton to do that for them.

Skipton had told Mrs and Mr G in the final response of 29 September 2022 what they needed to do if they wanted to be considered for a new interest rate. It was then up to Mrs and Mr G to take the next step if they wanted to.

I said at the outset that I wouldn't be commenting on every single point, and I haven't. I have, as I said I would, confined myself to those matters that I consider have a material effect on the outcome. I can see from their submissions how important this is to Mrs and Mr G. That's a natural reaction, and entirely understandable when you're as close to a situation as they are here.

But my remit requires me to be objective, impartial, and to decide what is fair, reasonable and pragmatic in all the overall circumstances of the case. It also means that I'm not required to provide answers to every specific question that comes up if I don't consider doing so will affect the overall outcome.

My final decision

My final decision is that I don't uphold this complaint or make any order or award against Skipton Building Society.

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 Mrs and Mr G to accept or reject my decision before 10 October 2023.

Jeff Parrington

Ombudsman