

## **The complaint**

Ms L complains about her buy to let mortgage with The Mortgage Works (UK) Plc (TMW). She says she asked for a new interest rate but TMW refused her application. As she was unable to get a new mortgage elsewhere either, she doesn't think TMW has treated her fairly.

## **What happened**

Ms L took out her mortgage around 15 years ago. It's a portfolio mortgage secured over two properties. Concerned about rising interest rates, in around September 2022 Ms L asked TMW for a new fixed interest rate on her mortgage. She was unhappy that the rates TMW had available for existing customers were higher than those offered to new customers.

Ms L says she therefore looked into moving her mortgage to another lender to secure a new rate, but was advised by several different mortgage brokers that that wouldn't be possible. She says that's because lenders now generally only accept portfolio mortgages on four or more properties.

Ms L complained. She didn't think she was being treated fairly, because she was trapped with TMW but it wouldn't offer her a new interest rate – even though it did offer rates to other customers. Ms L says that the impact of rising interest rates since September 2022 has made her circumstances more difficult. She's struggling to meet the higher payments and can't increase her employment to make up the shortfall because of caring commitments. Ms L says she didn't understand she had a portfolio mortgage, that wasn't what she applied for when she took the mortgage out, and not something she would have agreed to.

TMW said it was under no obligation to offer new interest rates to existing customers. While it did so to eligible customers, it didn't have to offer the same rates as it offered to new customers. And it said that it made clear what mortgage Ms L was taking out in 2006, and that if Ms L didn't understand it or didn't think it was appropriate for her, that was something to take up with the mortgage broker that sold it to her.

Our investigator didn't recommend upholding the complaint so Ms L asked for it to be considered by an ombudsman.

## **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.

Ms L first took out a mortgage over one property, and then borrowed further funds for a second property. At that time, in around 2007, TMW explained that because she now had more than one property it would treat her borrowing as a portfolio mortgage.

I'm satisfied it made this clear at the time. And TMW didn't sell the mortgage to Ms L or give her advice about it – the mortgage broker she used at the time did that. So if Ms L thinks this wasn't the right mortgage for her, she would need to complain about that to the broker that

recommended it to her. But based on TMW's lending policy at the time, it would always have treated two properties as a portfolio – so if Ms L didn't want that, she would have had to go to a different lender for her second property. That was something for her broker, not TMW, to advise her about.

In any case, I don't think the fact that TMW treated this as a portfolio mortgage is at the root of this complaint. Ms L's key concern is that the interest rates TMW said were available to her in 2022 were not as good as the rates that it offered to new customers.

But there is no obligation on a lender to offer new interest rates to existing customers when their old rates expire. The mortgage terms and conditions and the mortgage offer don't promise that; all they say is that after the initial fixed rate period, the mortgage will revert to the reversionary rate for the rest of the term. And this is a buy to let mortgage, not a residential mortgage – which means it's not regulated and so the rules of mortgage regulation don't apply. Even if this was a regulated mortgage, though, there would still be no obligation on TMW to offer new rates.

TMW does offer new rates to existing customers, but Ms L doesn't think the rates made available to her are as good as new customer rates. TMW has a range of rates for mortgages of different types, so it's not possible to make a direct comparison between the rates available on existing mortgages like Ms L's and the best rates TMW has available for non-portfolio new lending. It's fair and reasonable for TMW to offer different rates for different types of mortgages.

And it's not unreasonable to offer different rates to new and existing customers. Despite what Ms L says, there's no rule against this. Some lenders focus their business on retaining existing customers, some prioritise attracting new customers – and they price their products accordingly.

If Ms L was unable to move her mortgage elsewhere, that's not something TMW is responsible for. But even if she can no longer take out a portfolio mortgage over just two properties, it might still have been possible to re-mortgage each property separately. I haven't seen the advice the brokers she consulted gave, so I don't know if there was a reason why this couldn't be done, or if it wasn't considered.

I'm satisfied that TMW acted fairly when it told Ms L what rates it had available to her. I appreciate Ms L would have preferred a lower rate. But I don't think TMW acted unreasonably in not making rates she wasn't eligible for available to her. I'm sorry to hear that Ms L has found things increasingly difficult since she decided not to take the rate with TMW. She may still be able to take a rate now, and that's something she'll need to discuss with TMW.

### **My final decision**

For the reasons I've given, my final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms L to accept or reject my decision before 25 August 2023.

Simon Pugh  
**Ombudsman**