

The complaint

Mr K complains about problems he incurred when trying to change the rate on a mortgage he held with The Mortgage Works (UK) Plc (TMW). He says he was left with no option other than to move to another lender and says he is at a loss because of this.

What happened

Mr K held a mortgage with TMW which he took in 2020. This mortgage had a fixed rate until 31 July 2022. In July 2022, Mr K wished to switch this to a new rate when his current rate expired. By this point, Mr K had further borrowing on this mortgage and would incur an early repayment charge (ERC) on the further borrowing portion of the mortgage if changing the rate at this time. TMW produced a mortgage offer for the rate switch on 22 July 2022 which included the ERC on the additional borrowing.

The mortgage offer explained that if Mr K wanted the mortgage to take effect from 1 August 2022, then he needed to have accepted the offer by 27 July 2022 in order for it to be processed in time. The offer explained that if the mortgage wasn't accepted by this date, it would move on to the follow-on rate from 1 August and Mr K would then have until 12 August 2022 to accept the offer for it to take effect from 1 September 2022.

Mr K says he called to accept the offer in early August 2022 but was told that the mortgage offer would need to be recalculated. He says he was told that it would take 7 to 10 days for the new mortgage offer to be issued. Subsequently, Mr K moved his mortgage to another lender. He also raised a complaint saying he'd not been told that the offer would need to be recalculated if he accepted it after 22 July 2022. He said it was because of this that he had to move to a new lender. He asked TMW to pay the costs he'd incurred in remortgaging.

TMW upheld Mr K's complaint saying that the offer didn't make it clear that the offer would need to be reissued if he accepted it after 22 July 2022. But it didn't accept that this meant that Mr K needed to move to another lender. TMW also agreed that Mr K wasn't called back as requested. It offered £200 compensation.

Mr K didn't accept this and referred the complaint to our service. One of our Investigators looked into this complaint, but she didn't think it should be upheld. She thought that Mr K could've still accepted the new mortgage rate up until 12 August 2022 but chose to remortgage elsewhere. Mr K disagreed. He said that he was in a position where he was unable to accept the offer until after the deadline had passed.

Our Investigator didn't change her mind. So the complaint has now been passed to me to consider and make a final decision.

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 may not respond to each and every point Mr K has made. That doesn't mean I haven't

thought about all that he's said. It simply reflects the informal nature of this service. Instead, I'm going to focus on the crux of the complaint – whether TMW's actions meant Mr K had to move to a new lender and, if so, whether that caused a loss.

Mr K called TMW on 5 August 2022 to accept the mortgage offer dated 22 July 2022. At this time, TMW told him that someone from its "switching team" would call him within five to seven days to go through the new offer. Mr K requested a redemption statement on 12 August 2022. During this call, TMW didn't tell Mr K that the interest rate would change on the new offer. The new offer purely needed to be recalculated to take into account the revised ERC on the additional borrowing portion on his mortgage.

I think that Mr K had made the assumption at this point that the interest rate available to him would have changed once a new mortgage offer was issued and thought it could be higher. And I can see why he made this assumption. I think TMW could've been clearer at this point. However, I think that a quick call to TMW from Mr K could've confirmed whether the interest rate would change or not.

TMW has provided us with evidence that the rate Mr K had applied for was still available up until 27 August 2022. So even if he wasn't able to secure the original mortgage offer, this rate was still available. But, it seems to me, that Mr K had already decided to move to a new lender at this point. Based on this, I don't think TMW's actions meant Mr K had no option but to move to a new lender. Furthermore, Mr K hasn't provided us with evidence of his new mortgage interest rate. So, I can't safely say he's suffered a loss as a result in any case.

TMW accepts that its original offer could've been clearer in setting out that a new offer would need to be produced if Mr K accepted it after 27 July 2022. It's offered £200 compensation for this which I think is fair and reasonable. And I'm not going to ask it to make any further payment.

Ultimately, Mr K could've still proceeded with the rate he'd applied for with TMW, but he chose to move to another lender. And I don't think this was a direct result of any mistake that TMW made.

My final decision

I don't uphold this complaint.

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

Rob Deadman
Ombudsman