

## The complaint

Mr and Mrs P have complained that HSBC UK Bank Plc (trading as first direct and referred to here as HSBC) has refused to honour a five-year 2.14% mortgage interest rate product (with a booking fee of £495) which Mr P says he was told was 'locked in'.

Mr and Mrs P went to another lender and secured a five-year fixed rate at 2.27% with a booking fee of £995. Mr P, who dealt with HSBC and who has handled the complaint throughout, wants HSBC to reimburse the difference in the additional interest and fees he and Mrs P are having to pay.

## What happened

I will summarise the complaint in less detail than it's been presented. There are several reasons for this. First of all, the history of the matter is set out in detail in correspondence, so there is no need for me to repeat the details here. I will instead concentrate on giving the reasons for my decision. In addition, our decisions are published, so it's important I don't include any information that might lead to Mr P being identified. So for these reasons, I will keep my summary of what happened quite brief.

On 24 April 2022 Mr P contacted HSBC to discuss moving his and Mrs P's mortgage to the bank. He wanted a five-year fixed rate product at 2.14%, which had a booking fee of £495. Mr P was told that if he applied online, he'd be able to secure the rate then and there. If he chose instead to discuss the application with the bank, the rate would be chosen at that point.

When trying to apply online, Mr P wasn't able to proceed and was asked to speak to HSBC. On 25 April 2022 Mr P spoke to another staff member who confirmed that the rate would be secured after a discussion with a mortgage adviser.

It transpired that Mr and Mrs P's application couldn't go ahead online because Mr P had chosen a 20-year term, which took him beyond HSBC's maximum age limit. It therefore wasn't possible for Mr P to proceed on an 'execution only' basis. The application needed to proceed on a fully-advised basis in order to meet regulatory requirements relating to HSBC's responsibilities around assessing affordability of mortgages that ran past normal retirement age.

The bank's final response to Mr P's complaint sets out the timeline of events in more detail, so I won't repeat them here, except to note that there'd been an error in processing Mr P's details after he'd submitted his application on 26 April 2022. The important point – and the one on which Mr P's complaint hinges – is that on 27 April 2022 HSBC's interest rates changed, and so the product he wanted was no longer available.

Mr P complained to the bank. Mr P says that he had been assured unconditionally on 24 April 2022 that the interest rate of 2.14% was 'locked in' once he applied online. HSBC didn't uphold the complaint, so Mr P brought it to our service. An investigator looked at what had happened but didn't think the complaint should be upheld.

Whilst the investigator noted that there had been a delay in the bank sending the application to the underwriters, she wasn't persuaded that HSBC had guaranteed that the rate would be locked in at the time Mr P first spoke to the bank on 24 April 2022. The investigator provided Mr P with all the call recordings the investigator had relied on.

Mr P disagreed and asked for an ombudsman to review the complaint. Mr P said that he believes one call had been edited, as he recalls part of a conversation which doesn't appear to be on the recording. He's reiterated all the points he previously made about being assured that he'd 'locked in' the interest rate with an online application.

### **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 confirm I've listened to all the call recordings, copies of which Mr P also has. Mr P claims the call recordings may have been edited, but I am satisfied that they appear to be the actual recordings of Mr P's conversations with HSBC.

When an interest rate product is offered to the market, it is only available for a short time. That's because HSBC would have borrowed a fixed amount in the outside markets at a particular rate, which in turn would allow it to lend the funds to customers at a specific rate. Customers would need to reserve a tranche of funds by paying a booking fee, and once all the funds are used up, the product is withdrawn.

Front-line staff who handle calls and HSBC's mortgage advisers aren't told when a rate is about to be withdrawn; they would only know what rates are available at the time they speak to the customer.

The crux of this complaint is that Mr P says he was given an unconditional assurance when he first spoke to HSBC on 24 April 2022 that the interest rate of 2.14% would be locked in on the date he applied online. I'm satisfied that HSBC told Mr P that the rate would be locked in when the booking fee was paid and that if Mr P could do this on an execution-only basis online, the rate could be reserved at that point. Mr P tried to do this online, but wasn't able to, due to the length of term he'd wanted.

Mr P says that the reason why his application couldn't go ahead online – because the term he'd selected took him beyond HSBC's maximum lending age of 75 – had never been mentioned by the bank during the initial calls. As a result, Mr P doesn't think it's fair that he and Mrs P lost out because he had never been told about this.

It's correct that HSBC didn't ask Mr P about the maximum term he wanted or mention its age limits during the initial calls. I wouldn't have expected a call handler on an initial enquiry for an Agreement in Principle to have gone into such detail, as this is usually something a mortgage adviser would discuss during a fact-find interview.

But even if HSBC had discussed this, I don't think it would have made any difference. This is because, if HSBC had been told by Mr P on 24 or 25 April 2022 that he wanted a mortgage term ending after he was 75, HSBC would have needed to have booked him and Mrs P in for a full review with a mortgage adviser at that stage in any event. HSBC has explained that this could not have happened before the rate had been withdrawn on 27 April 2022.

I appreciate HSBC has accepted it made an error on 30 April 2022 when processing the application, but that was after the rate had been withdrawn and so doesn't affect the outcome of this complaint.

In the circumstances, whilst I understand Mr P's disappointment that he and Mrs P lost out on the rate they wanted, I'm not persuaded that HSBC is at fault here.

### **My final decision**

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

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 Mr and Mrs P to accept or reject my decision before 22 August 2023.

Jan O'Leary  
**Ombudsman**