

The complaint

Mr and Mrs M complain that HSBC UK Bank Plc failed to implement a new mortgage fixed interest rate product they applied for after it had told them they'd been accepted for it.

What happened

Mr and Mrs M say they've often had difficulty using HSBC's online banking facilities. But, after being told they were too early to apply for a new interest rate product in June 2022, they applied for a new product via HSBC's online banking facility in July 2022.

They say they were unable to log in to HSBC's on-line banking facility to accept the product transfer offer they'd received from HSBC. So, on 7 July 2022, they called HSBC to explain their situation. Mr and Mrs M believed, from that call, that they'd accepted the mortgage offer and nothing else was required for HSBC to apply the new rate product to their mortgage.

In October 2022 Mr and Mrs M's mortgage rate changed to HSBC's standard variable rate (SVR). Mr and Mrs M contacted HSBC and were told their product transfer offer had expired. They complained to HSBC as they believed they'd accepted the product transfer offer.

In its response to Mr and Mrs M's complaint dated 23 November 2022, HSBC said it could see that Mr and Mrs M accepted the offer document on 8 July 2022 and that Mrs M had to re-instate her access to its personal Internet Banking (PIB) facility, but that didn't accept the offer. It also said it sent Mr and Mrs M messages via PIB to advise them to pay the booking fee applicable to the new interest rate product and how to do that. HSBC also said that the online application system – the route by which Mr and Mrs M made their application – explained that the booking fee can be paid while applying or via the PIB. And it confirmed they'd need to pay the booking fee before the request for transfer can be processed. The letter also confirmed that HSBC had checked to see whether the fee was paid but could not find any evidence of payment. It confirmed that it would not honour the rate Mr and Mrs M had applied for because it hadn't made an error.

Dissatisfied with HSBC's response, Mr and Mrs M asked us to consider their complaint. They said their telephone call to HSBC of 7 July 2022 shows what they wished to do.

Our investigator didn't uphold Mr and Mrs M's complaint. She thought HSBC had made it clear to Mr and Mrs M that they needed to pay the booking fee to secure the new rate product. Mr and Mrs M hadn't paid the fee and as our investigator had seen no error on HSBC's part, she didn't ask it to apply the rate Mr and Mrs M had applied for.

Mr and Mrs M replied to our investigator's opinion. They say the 'letters' HSBC have referred to were only ever sent electronically, and then only to inboxes within the banking app they didn't know existed – 'my documents' and 'secure messages'. And they say evidence (screen shots) they've provided shows those communication routes weren't regularly used by HSBC to communicate with Mr and Mrs M. So, they say, it wasn't reasonable for HSBC to have expected them to have regularly checked those inboxes for communication about their mortgage application – without any prompting to do so via a more usual communication method. And they point to another, unrelated (later) example where HSBC did do that.

Mr and Mrs M say HSBC would have known when a message wasn't opened and therefore should have prompted them to do so, either by other correspondence methods or during phone calls before the deadline.

With regard to the booking fee, Mr and Mrs M say they were aware of it but, following their phone call with HSBC on 7 July 2022, they believed all actions to secure the rate had been completed, including settlement of the fee.

Mr and Mrs M have had further correspondence with our investigator – all of which I've considered carefully – but did not reach agreement with regard to the outcome of their complaint. Our investigator remained of the opinion their complaint should not be upheld. As they didn't agree, their complaint has been passed to me for 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'd like to make it clear to Mr and Mrs M that I can see they've been frustrated with the communication methods used by HSBC; that HSBC appears to have been inconsistent with its use of those communication methods; and that, during their phone call with HSBC on 7 July 2022, they wanted the process finalised. And, given what I've seen here, I agree that HSBC's process – particularly its communication – could have been simpler to follow. I say that mindful of the fact that it also appears that Mr and Mrs M chose to apply for their mortgage via HSBC's website, rather than via an HSBC mortgage advisor.

However, to decide this complaint I've focussed on whether I think Mr and Mrs M should have known there was a booking fee required to secure the new interest rate product, whether they paid that fee before the deadline and whether they ought to have known that they hadn't paid that fee by the deadline. I say that because I think those are the key 'turning points' in relation to their complaint.

Mr and Mrs M's mortgage offer, issued on 30 June 2022, says, to accept the offer, they needed to follow the instructions they'd been provided with separately. Separate communications state *"before we can change your rate, you will need to pay any outstanding fees"* and *"Total booking fee : GBP 999.00; Booking fee not Capitalised: GBP 999.00."* I think that indicates that Mr and Mrs M had opted not to add the booking fee to their mortgage. But it appears that, as Mr and Mrs M have said, those messages were sent to an inbox they say they were not aware of. So that doesn't show that Mr and Mrs M were aware that the fee needed to be paid before the rate could be secured.

In correspondence with us Mr and Mrs M have said "We accept that we were aware there was a fee to pay with this product." And, in response to the following point made in our investigator's opinion:

"Section 3 [of the mortgage offer] sets out information about the interest rate and other costs. The description of the cost reads: "Fixed Rate Booking Fee (non-refundable): £999.00 is payable to HSBC upon acceptance of this mortgage Rate Switching Offer.""

Mr and Mrs M said:

"There was a document that comes up on screen as you go through the on-line switch application. This did indeed come up on screen, but nothing was sent to us."

I've taken that response to mean the confirmation of the booking fee, as outlined in our investigator's opinion, came up on screen, but was never sent to them as a letter or standard email. So, I'm satisfied that Mr and Mrs M were made aware of the booking fee and that was communicated to them, at least once, in a way they actually saw. I think it's clear they were aware of the booking fee.

Given the description of the fee – that it's called a booking fee and it said the fee is payable on accepting the mortgage offer – I think it's reasonable to expect Mr and Mrs M to have known they'd have to pay it to 'book' or 'secure' the interest rate product. I understand that they think the HSBC representative should have prompted Mrs M to make the payment when she phoned on 7 July 2022. But having listened to a recording of the call, my understanding is that representative wasn't a mortgage advisor/administrator. The representative specifically helped Mrs M with the online banking app – the purpose of the call – and that got Mrs M to the stage where she could accept the offer. I think Mrs M ought to have known a booking fee was payable on the product Mr and Mrs M had applied for rather than the representative. Had they asked to pay that fee, I think it's likely the representative would have been able to facilitate that request or redirect them to someone who could.

As I've said above a document, albeit not necessarily seen by Mr and Mrs M, shows that the fee was not capitalised. I think it's more likely than not that the application process would have made that clear or Mr and Mrs M opted not to have the fee added to the mortgage. So, I think they would have known it remained unpaid at the point where both of them had accepted the new interest rate offer. I think Mr and Mrs M would have known if they had or hadn't paid the fee between accepting the offer and the deadline and there's no evidence to suggest either of them made contact with HSBC specifically to do so. So, I can only conclude that they allowed the deadline to pass without making arrangements to pay the booking fee.

While I understand the other aspects to this complaint – particularly those around communication – have caused frustration, if Mr and Mrs M had ensured they paid the booking fee before the deadline, I think they would have secured the interest rate they wanted. So, I don't think HSBC were the cause of Mr and Mrs M not securing the interest rate product they wanted. That means I don't uphold their complaint.

My final decision

My final decision is I don't uphold Mr and Mrs M's complaint about HSBC UK Bank Plc.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs M and Mr M to accept or reject my decision before 18 August 2023.

Gavin Cook
Ombudsman