

The complaint

Ms C complains that Clydesdale Bank Plc trading as Virgin Money didn't give her notice that the interest rate on her buy to let mortgage was coming to an end. And she complains it gave her inaccurate information about how to apply for a new rate, which caused further delay. She complains that she ended up with a higher interest rate as a result.

Clydesdale Bank Plc has a number of trading styles – the primary one is Virgin Money; it also includes Yorkshire Bank. As Ms C's mortgage was branded as a Clydesdale mortgage, I'll refer to the firm as Clydesdale in the rest of this decision.

What happened

Ms C has a buy to let mortgage with Clydesdale. Her existing fixed rate was due to end in December 2022. She says she expected Clydesdale to write to her to notify her of the expiry date – as she says other lenders with whom she also has mortgages do.

Ms C says that she was delayed in making an application for a new rate because she didn't receive a notification. When she realised, in September 2022, Ms C called Clydesdale to switch and was directed to its website – she says she was given an incorrect web address (one for Yorkshire Bank, a separate part of Clydesdale's business) and had to call again to get the right one, spending an excessive amount of time on the phone. By the time Ms C says she had all the information she needed to complete her online application, the rates available had increased. Ms C ended up taking a new rate of 5.14% rather than the 3.89% that was available before the rates increased – she says this meant her monthly payments were around £300 higher than they could have been.

Ms C complained. She said that to put things right she wanted Clydesdale to give her the 3.89% fixed rate, and to change its processes so that it would notify customers before their rates expire in future. She also said that she wanted it to pay her £1,000 compensation for the stress, upset and waste of time it had caused – including delays in resolving her complaint as well as problems with the rate switch process.

Clydesdale said it did send rate expiry letters – but around three months before the expiry of a rate, and Ms C had contacted it before that point. It said that when Ms C first called on 12 September, she had been sent the correct weblink. But it accepted that she had spent long periods waiting to speak to its call centre. And it accepted it had taken more than the standard eight weeks to respond to her complaint. It offered £50 compensation for these failings.

But Clydesdale said it would not offer Ms C the 3.89% rate, since rates had increased between 12 September when she first called and 15 September when she called back. Rates had increased in the meantime and Ms C had been given the rate available at the time she completed her application. It said it was up to a customer to make sure that if they wanted to take a new rate they completed their application as quickly as possible. Ms C had been given the correct link on 12 September, and if she was experiencing problems with it hadn't called back until 15 September, after rates had increased. Rates could change at any time depending on market conditions.

Ms C wasn't happy with that and brought her complaint to us. Our investigator thought Clydesdale had made a fair offer. Ms C didn't agree and so her complaint comes to me for a final decision to be made.

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 C took out her mortgage in late 2020, borrowing around £300,000 over 21 years on interest only terms, secured over a buy to let property valued at around £400,000. The mortgage came with an initial fixe rate of 2.59% which expired on 31 December 2022.

Clydesdale allows customers to book a new rate up to 180 days before the old one expires – which in this case meant Ms C could apply for a new rate from early July 2022. And it writes to customers to remind them that their existing interest rate is due to expire, but only does so around three months before the end date. That means that in this case Clydesdale was due to write to Ms C around the end of September 2022. But she had already applied for a rate by then, first contacting Clydesdale on 12 September and completing her application on 15 September.

There's no obligation on a lender to write to customers in these circumstances, either when they can first apply for a new rate or at all. Customers of regulated mortgages – secured over their residential property – are covered by the rules of the regulator, the Financial Conduct Authority (FCA). Those rules do not require lenders to notify customers that a fixed rate is due to expire or that they can apply for a new rate. But they do require lenders to give customers "reasonable notice in advance" that their monthly payments are due to change – one of the reasons for which might include the expiry of a fixed rate.

This is not a regulated mortgage. Buy to let mortgages are not regulated. So that rule doesn't apply in Ms C's case. But nevertheless I think it's good practice to let a borrower know that their payments are due to change so that they can plan for that and ensure they have sufficient funds available.

Ms C's mortgage offer from 2020 set out the initial interest rate applicable to her mortgage, including when it expired. So I'm satisfied Clydesdale did make her aware her rate expired on 31 December 2022. As a customer of a buy to let mortgage, Ms C is running a business – letting out a property with a view to making a profit from the rental income and capital gain. I'd expect a reasonably diligent businessperson to be aware of significant commitments and key dates which impact substantial business expenditure and act accordingly. And that's what Ms C did – she contacted Clydesdale almost four months before her existing rate expired to begin the process of expiring for a new one.

As I say, there is no obligation on Clydesdale to write to Ms C telling her that her interest rate is expiring and that she could apply for a new one. So it wasn't unfair or unreasonable that it didn't write to her in June telling her that she could apply for a new rate from July. It is good practice for it to write to her telling her that her monthly payments were about to change. It would have sent that letter – telling her not only about a change to the payments but also that it was because of the expiry of her rate – in late September. That's fair and reasonable, but Ms C had already acted herself by then. I don't think there was any failing on Clydesdale's part that meant Ms C didn't contact it before 12 September.

That brings me on to what happened when Ms C did make her application. She called Clydesdale on 12 September. She says that she spoke to an adviser who directed her to apply via the website and emailed her a link. But she says she was given the wrong web

address – she was given details for Yorkshire Bank not Clydesdale.

I've seen the email Ms C was sent on 12 September. It directs her to a web address with the domain of secure.cbonline.co.uk. I've tried the full link as set out in the email sent to Ms C and it takes me to a webpage headed "Switch to a new deal New deals for existing Clydesdale Bank mortgage customers".

Clydesdale says it was the right address. That appears to me to be correct – following the link in the email it sent Ms C takes me to a page I would expect to see if I was an existing Clydesdale customer looking for a new rate. I don't think it's likely Ms C was given a link to a Yorkshire Bank website rather than a Clydesdale Bank website, since Yorkshire Bank's website domain is ybonline.co.uk not cbonline.co.uk – but the address in the email is a cbonline.co.uk address.

Ms C's mortgage was a Clydesdale Bank mortgage not a Yorkshire Bank mortgage. The email on 12 September directed her to the Clydesdale Bank switching site not the Yorkshire Bank switching site. I'm therefore satisfied that Clydesdale gave Ms C the correct information when she called on 12 September.

I don't know why Ms C was unable to complete her switch online following the 12 September email. It wasn't because Clydesdale had given her the wrong website, so whatever the reason it wasn't Clydesdale's fault. So I can't hold Clydesdale responsible for Ms C being unable to switch on 12 September.

I also can't hold Clydesdale responsible for Ms C not getting back in touch until 15 September. It's unfortunate that interest rates had increased in the meantime. But rates can change at any time, and a lender is only required to honour the rates available when a customer completes their application. I've found that Ms C's application wasn't completed until after the rates changed overnight on 14 / 15 September, and that it wasn't because of something Clydesdale did wrong that the application wasn't completed sooner. It follows that I can't fairly require Clydesdale to honour the rate Ms C saw before the increase, on 12 September.

Finally, I've thought about Ms C's complaint about problems getting through to Clydesdale on the phone. I'm sure it was very frustrating and inconvenient for Ms C to have to wait on hold to be connected. But I've also borne in mind that some frustration of this sort is part of life – not every firm has call handlers available at all times, and some waiting in queues is inevitable. And around this time, in September and October 2022, the mortgage market was moving quickly with interest rates increasing rapidly and deals being withdrawn all the time. As a result, many people were trying to get in touch with their lenders to secure deals, and banks' call centres were under particular pressure – with waiting times increasing as a result. I recognise it was frustrating for Ms C, but I have to take the wider context into account too. I'm satisfied Clydesdale's offer is fair in the circumstances.

My final decision

My final decision is that I don't uphold this complaint as I'm satisfied Clydesdale Bank Plc trading as Virgin Money has made a fair and reasonable settlement offer.

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

Simon Pugh
Ombudsman