

The complaint

Mr G's complaint is about his mortgage account with Bank of Scotland plc trading as Halifax.

Mr G said that when his mortgage interest product was about to expire, Halifax quoted him interest rate products, but the one he chose (a five-year fixed rate at 3.42%) was no longer available when he applied for it. Mr G had to choose a product that had a higher interest rate of 4.35%.

To settle the complaint Mr G wants Halifax to switch his mortgage to the 3.42% rate.

What happened

I do not need to set out the full background to the complaint. This is because the history of the matter is set out in the correspondence between the parties and our service, so there is no need for me to repeat the details here. In addition, our decisions are published, so it's important I don't include any information that might lead to Mr G being identified. So for these reasons, I will instead concentrate on giving the reasons for my decision. If I don't mention something, it won't be because I've ignored it; rather, it'll be because I didn't think it was material to the outcome of the complaint.

Mr G said that, when his mortgage interest rate product of 2.19% was about to expire, he was incorrectly told (I understand via his banking app) that the monthly repayment on Standard Variable Rate at 5.74% would only be marginally more expensive (£2,050.73 at 2.19% and £2,050.84 at 5.74%) and that if he did nothing, his mortgage would revert to this rate and monthly repayment. Mr G said that he thought when he looked at the figures it was obvious the bank had made a mistake.

I understand there were other products quoted in the app, although the screenshot Mr G has sent us only shows a 2-year fixed rate at 3.72% giving a monthly payment of £2,330.20. There was also, apparently a 5-year fixed rate at 3.42%.

Mr G said that he'd been tempted to switch his mortgage to interest-only and invest the difference in the stock market instead of repaying any capital off the mortgage. However, by the time Mr G was able to discuss his mortgage with Halifax on 7 October 2022, interest rates had increased. Mr G said that there was nothing in the banking app to suggest that the interest rate products he'd been quoted were subject to change, and so he believed he'd been offered the 3.42% five-year rate, which he wanted the bank to honour.

Mr G complained to Halifax, but the bank didn't uphold the complaint, so Mr G raised it with our service.

An investigator looked at what had happened, but didn't recommend the complaint should be upheld. He acknowledged Halifax had made an error in quoting the repayment for the 5.74% rate, but also noted that Mr G had acknowledged this, and that Mr G also been aware of potential increases to base rate, as he'd previously worked in banking. Given this, the investigator didn't think it would be fair for Halifax to offer Mr G an interest rate that was no longer available.

Mr G asked for an ombudsman to review the complaint. He's claimed Halifax is in breach of the Mortgages and Home Finance: Conduct of Business Sourcebook (MCOB) because the mortgage illustration he received did not say how long the illustration was valid for or whether there was any date by which the regulated mortgage contract covered by the illustration needed to commence.

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.

Having done so, I'm afraid I have disappointing news for Mr G; I'm not upholding this complaint. These are my reasons.

This issue relating to the incorrect information about the monthly repayment on SVR is something of a red herring, as it is peripheral to the actual issue in the complaint. In any event, Mr G hasn't disputed that, when he saw the repayment for the 5.74% rate, he only glanced at it at first, but when looking at it in more depth later, he realised that it was a mistake.

The crux of the complaint is this: Mr G argues that, because the list of available interest rate products he was given in his banking app didn't say that these were subject to change or expiry, Halifax is bound to offer him one of these products.

I'm not persuaded by Mr G's argument. Advising customers of interest rate products that are available on a given day does not mean that, at a later date, those same products will still be available. With a fixed-rate product, the bank borrows a fixed amount of funding in the wider markets so it can lend that money to customers at a particular rate of interest. Individual customers apply for a tranche of these funds and once all the tranches have been applied for, the product is withdrawn. It is therefore led by consumer demand.

An interest rate product isn't secured until an application is made. Unfortunately, by the time Mr G applied for a new interest rate product, the 3.42% fixed rate was no longer available. I note that Mr G acknowledged to the investigator that he was aware of the potential for interest rates to vary, in line with fluctuations in the Bank of England Base Rate.

Mr G has queried why the mortgage illustration he received didn't say how long the illustration was valid for, or when the mortgage contract would commence. To be clear, the screenshot Mr G sent from his banking app isn't a mortgage illustration.

The only mortgage illustration issued by Halifax for the rate switch is dated 11 October 2022. This states that the information in the illustration remains valid until 11 October 2022, following which it is subject to change in line with market conditions. The illustration also states that it is valid only on the day of issue and assumes a start date of 1 November 2022 and that the mortgage must start on or before 28 February 2023. I am therefore satisfied that the mortgage illustration complies with MCOB.

These events occurred in the weeks following the mini-budget that had taken place on 23 September 2022, which had resulted in some turmoil in the financial markets and a series of increases in mortgage interest rates, so I understand how frustrating it was for Mr G that he missed out on the rate he wanted. However, Mr G was never offered the 3.42% rate, and so there is no basis on which it would be fair or reasonable for me to order Halifax to put that rate in place on Mr G's mortgage.

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 G to accept or reject my decision before 28 November 2023.

Jan O'Leary
Ombudsman