

The complaint

Mr and Mrs C complain that Lloyds Bank PLC wrongly insisted they must wait to have a discussion with a mortgage advisor, before it would allow them to fix a new rate for their buy to let ("BTL") mortgage. They said that they were paying more now, as a result.

What happened

Whilst this complaint is brought by both Mr and Mrs C, as the mortgage is in both their names, our dealings have been with Mr C. So I'll mainly refer to him in this decision.

Mr C said he contacted Lloyds about changing the interest rate on his BTL mortgage, and Lloyds told him he would have to wait two weeks for an appointment. He rang back, when interest rates were rising, to see if he could get an earlier appointment. Mr C said he was then told that he didn't have to make an appointment, and he could have fixed a new rate the first time he spoke to Lloyds.

Mr C said the available rate for his mortgage had risen in this time from 5.13% to over 6%. Mr C said Lloyds should let him have the old rate now. But when he asked Lloyds for this, it just said the advice he'd been given was wrong, he did always have to wait for an appointment and the delay happened because Lloyds didn't have any earlier appointments available.

Lloyds said Mr C had taken out this mortgage with a building society, and Lloyds is now responsible for it. It showed our service that he'd enquired about changing his mortgage in 2015, and it said then that he needed to have an appointment with a qualified advisor. Mr C hadn't pursued that change at the time.

Lloyds said it was still the case that if Mr C wanted to make changes to his mortgage now, it would only make those after Mr C had spoken to an advisor.

Lloyds told us Mr C contacted it on 28 June, about fixing a new rate for his mortgage, and an appointment was booked for him for 12 July 2023. Lloyds said it was sorry that when Mr C called back, he was told this appointment was unnecessary. Lloyds appreciated that it would have been upsetting to be told that he'd missed out on a rate, because he'd been told to wait for an appointment, if he didn't have to do that.

But Lloyds said the mistake was made on the later call, the advice Mr C originally received, that he'd need to book an appointment, was right. Lloyds said this was because any change to Mr C's BTL mortgage would also mean moving onto Lloyds' terms and conditions. So it wanted to discuss things with him before these changes happened.

Lloyds said Mr C had his appointment with an advisor on 12 July, but he'd decided not to change his mortgage rate at that time, he wanted to shop around. Lloyds had booked another appointment for Mr C, on 24 July, but Mr C still didn't want to book a new rate then.

Lloyds said it was sorry that Mr C's expectations had been raised on 11 July, and it could understand he would be angry if he thought that he had missed out on a better rate and had been made to wait for an appointment for no reason. It was sorry he'd been given incorrect information, but it had corrected this the following day and apologised. Lloyds said it had paid Mr C £40 to say sorry, and it didn't think it had to do any more.

Our investigator didn't think this complaint should be upheld. He said Lloyds had confirmed to our service that Mr C did need to have a full appointment with an advisor before he could change the rate on his BTL mortgage. That's because he would also be moving his mortgage onto new terms and conditions, as part of this change. When Mr C was told otherwise, and that he should have been able to access rates from a couple of weeks earlier, that was wrong.

Our investigator said he could understand that the wrong information given to Mr C would have caused a lot of frustration, because he was led to believe he could have been on a lower rate. But our investigator said he didn't think Lloyds had done anything wrong, aside from this one – off mistake. So he said Lloyds didn't have to offer Mr C a lower rate now. He thought that a payment of £40 was reasonable in the circumstances for the incorrect information Lloyds provided.

Mr C still thought he should have been given the opportunity to take up the lower rate when he first spoke to Lloyds. He said he should have been taken through a mortgage application then. Because he wasn't, his mortgage payments were now much higher. As no agreement was reached, this case was 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've reached the same overall conclusion on this complaint as our investigator.

I understand that changing his mortgage has been a frustrating process for Mr C. He had previously taken out a mortgage with a building society, not with Lloyds itself, but Lloyds is responsible for his mortgage now. Lloyds has explained that this means any change to Mr C's mortgage now would also mean changing the terms and conditions of his mortgage, to align him with the rest of Lloyds' lending. And it's told us that this means he'd need a full mortgage appointment with one of its qualified advisors.

I know Mr C was told, after he'd been waiting for his mortgage appointment for some time, that he didn't need this after all. But Lloyds says that was wrong. It has spoken to the agent who gave him wrong advice. It says the agent just didn't realise what sort of mortgage Mr C had.

Because Lloyds has set out the reasons for its policy clearly, and because it has been able to show us that it said the same thing to Mr C in 2015 – that he'd need an appointment if he wanted to change his mortgage – I do think that's likely to be Lloyds' policy. So the mistake that was made here, was when Mr C was told he didn't need to have an appointment. I think he did.

I can see that Lloyds has apologised for this, and that it corrected the mistake the very next day. I understand Mr C would be disappointed to find that Lloyds wouldn't honour his request for the lower interest rate available earlier, but I don't think Lloyds had to offer that here. Because I do think the mistake was corrected quickly, and because I don't think this mistake

had any direct financial effect on Mr C, I think the payment Lloyds made, of £40, does provide a fair and reasonable outcome in this case. I don't think Lloyds has to do more than that now.

Mr C also said if he did need a mortgage appointment, then that should have been held when he first spoke to Lloyds, on 28 June. But I think Lloyds' agent told Mr C then that it wouldn't be possible to complete the full appointment straight away.

Mr C might like to know that this isn't an unusual process for mortgage lenders to follow. It's quite common for lenders to arrange a first appointment, to gather information, and then a second appointment to discuss the borrower's needs. Mortgage advisors are responsible for the advice they give, and setting things out in this way means that they can prepare for the advisory appointment properly. Given that Mr C would need to change the terms of his mortgage if he wanted to fix a new rate, I don't think it was unfair or unreasonable for Lloyds to say Mr C would need to talk to it twice, in this case. I understand that this meant there was inevitably some delay, while Mr C waited for his second appointment, but I don't think this was unreasonable in the circumstances.

I know Mr and Mrs C will be disappointed by my decision, but I don't think this complaint should be upheld.

My final decision

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C and Mrs C to accept or reject my decision before 3 April 2024.

Esther Absalom-Gough
Ombudsman