

The complaint

Mr and Ms Q complains that they missed out a new fixed interest rate product with Lloyds Bank PLC for their buy-to-let mortgage, despite being clear that they wished to secure that rate as soon as possible.

What happened

Mr and Mrs Q have a buy-to-let mortgage with Lloyds. On 29 September 2022, Ms Q spoke to Lloyds. She said she told Lloyds she wanted to switch products to a two-year fixed rate of 4.16% and make a lump sum payment – but did not want to delay the switch to make the lump sum payment.

Mr and Mrs Q later discovered that they had not secured the 4.16% rate. When they spoke to Lloyds on 3 October the cheapest interest rate was 5.19%. Mr and Ms Q did not go ahead with that rate. They complain that Lloyds did not tell them interest rate products could be withdrawn without notice in a clear and timely way. They said if they'd been told that, they would have taken steps to secure the rate on 29 September 2022.

I issued a provisional decision saying that I intended to uphold the complaint in part. Subject to any further submissions, my provisional findings, which form part of this decision, were:

I've listened to the relevant phone call between Ms Q and Lloyds on Thursday 29 September 2022. I consider that it was clear from that Mrs Q wanted to secure the 4.16% fixed rate. Lloyds booked Mrs Q in for the next available appointment on Monday 3 October.

I asked Lloyds if there were any other channels available for Mr and Ms Q to secure a rate. It said that there were three possible options:

- 1. The adviser could arrange a new rate. But as he booked an appointment it was likely that he did not have capacity to do that. It was a very busy time for its mortgage department.*
- 2. Book a follow up appointment.*
- 3. Explain to Ms Q that they could speak to a mortgage adviser on its main phone line to secure a new rate. But it said that wait times were around four or five hours at that time. Bearing in mind Ms Q spoke to Lloyds at around 3.30pm, it would be too late for her to get through by 7pm on 29 September, which is the latest time to go through a full mortgage review and secure a new rate.*

Bearing in mind what Ms Q said, and in view of Lloyds duty to give clear, fair and not misleading information, I don't consider Lloyds treated her fairly by only booking an appointment for the following week. It ought to have told her that she could try calling its phone line to arrange a new interest rate.

Usually where a business treats a borrower unfairly, I will try and put the borrower in the position they would have been in had they been treated fairly. So I'm considering what Mr and Ms Q most likely would have done had they been told that they could either wait until Monday 3 October to arrange a new rate or try phoning Lloyds.

I asked Mr and Ms Q what they would have done. They said they were at home and available on both 29 and 30 September 2022 and they had the time to wait on speaker phone until Lloyds answered the phone.

I accept that Mr and Ms Q might have tried to phone Lloyds and that they had the time to do so. It doesn't necessarily follow that they would have got through to Lloyds. I am satisfied that its phone lines were extremely busy on both the 29 and 20 September 2022. While Mr and Ms Q said they were prepared to wait – four or five hours is a long time to wait on the phone. They might not have been able to wait that long, they might have been cut off or something else could have happened that meant they didn't get through or couldn't wait that long. And I consider that Lloyds was reasonably clear that rates could be withdrawn at any time.

Further, if Mr and Ms Q did get through to Lloyds, I understand they would have received advice and gone through a full application. We don't know what the outcome of that would have been – whether Lloyds would have recommended the 4.16% fixed rate or whether the application would have been approved.

Mr and Ms Q have not taken a new fixed rate – despite being given the opportunity to arrange one on 3 October. That was their decision, but I don't think it would be fair for me to say that Lloyds should compensate them for that decision. Where someone has suffered a financial loss, they can't recover that loss if they could have avoided or reduced it by taking reasonable steps to mitigate the loss.

Overall I do not consider it would be fair and reasonable in all of the circumstances of this complaint to say that Lloyds should compensate Mr and Ms Q for losing out on the 4.16% rate. The evidence we have is not sufficient for me to conclude that they would have been able to speak to Lloyds on 29 or 30 September 2022 and even if they had what the outcome of any conversation would have been. And they have not taken reasonable steps to mitigate their loss.

In saying that, I have found that Lloyds did not treat Mr and Ms Q fairly. I must consider whether that has caused them distress and inconvenience and if so, what is fair compensation for that. Arguably, they have been saved some inconvenience – they haven't had to wait on the phone for several hours or go through a full application. But they have had the trouble of pursuing this complaint. And I accept they have suffered upset and disappointment when they spoke to Lloyds on 3 October 2022 and they found out the interest rate they had missed out on the rate they wanted.

I can't make any award for any upset or worry caused by the increase in the interest rate on Mr and Ms Q's mortgage after 3 October 2022 as that was caused by their decision not to secure a fixed rate. In all the circumstances, I consider it would be fair for Lloyds to pay Mr and Ms Q £150 for any distress and inconvenience this matter has caused to them.

Lloyds said it had nothing to add and accepted my provisional findings. Mr and Ms Q did not accept my provisional decision. They reiterated that they would have been able to wait all day to get through to Lloyds to arrange a new rate – and would have been determined to secure the rate if they'd been given the correct information.

Mr and Ms Q said they didn't want to compensate things by going to a different lender – and they didn't take the 5.16% rate as they didn't think the base rate would rise to that level. .

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 considered everything that both sides have said and provided – including Mr and Ms Q's reply to my provisional decision. But after considering everything I'm not going to change the findings I reached in my provisional decision.

I don't consider that Lloyds treated Mr and Ms Q fairly by not properly explaining all of the options available to them to secure a new interest rate product. But to be able to say that

Lloyds should offer them that rate, I'd need to find that if they'd been given the correct information, they would have been able to get through to Lloyds by phone. The evidence I have is that the wait times were over four hours. While I accept that with hindsight Mr and Ms Q have told us they would have been prepared to wait, it's not clear that they could have or that there would not have been any other problems in getting through to Lloyds.

Even if I could say that they would have got through on the phone, I would then need to find that Mr and Ms Q's application would have been successful. I know Mr and Ms Q think that was a formality, but no application has been made. I don't have sufficient evidence to say that if they did manage to get through to Lloyds, what interest rate would have been recommended or if application would have been approved.

I note Mr and Ms Q's reasons why they didn't mitigate their loss and their point that we could compensate them for the difference between the 4.16% fixed rate they wanted and the 5.19% fixed rate they turned down. But for the reasons I've explained above, I don't consider that would be a fair outcome.

My final decision

My final decision is that Lloyds Bank PLC should pay Mr and Ms Q £150.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr Q and Ms Q to accept or reject my decision before 19 December 2023.

Ken Rose
Ombudsman