

## **The complaint**

Mr K complains that Paratus AMC Limited (trading as Foundation Home Loans) hasn't offered him new interest rate products for his three buy to let mortgages. He says this is discriminatory as it offers new products to some of its customers.

## **What happened**

Mr K took out three buy to let mortgages with FHL. The mortgages were recommended by a broker and taken out via a mortgage intermediary. Mr K's five-year fixed interest rate products expired in 2022. FHL didn't offer him new interest rate products.

Mr K says he accepts FHL doesn't have to offer new products. But he says it's discriminatory and unfair that it offers new products to some of its customers.

FHL said it didn't used to offer new products for existing accounts. It says it recently started to offer new products to some customers as a pilot. This doesn't include customers whose mortgages were taken out via a third-party mortgage packager or mortgage intermediary – as Mr K's mortgage were.

Mr K says he should be treated the same as other customers, regardless of how his mortgage was taken out.

Our investigator didn't uphold the complaint. She said the buy to let mortgages were unregulated and there was no requirement for FHL to offer a new product or treat Mr K the same as other customers.

Mr K didn't agree.

## **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 understand Mr K's frustration and the points he makes. He's right to say that the mortgage offer was issued by Paratus and this said the mortgage and the funds were provided by Paratus. The mortgage is now administered by Paratus under the FHL trading name. Although a mortgage intermediary was involved when the mortgage was taken out, Mr K's lending relationship is with Paratus, and only Paratus can offer him new interest rate.

FHL says while it didn't originally offer new products to existing customers, it has started to do so. However, this is a trial and currently it only offers new products to customers whose broker applied to FHL directly, not via a mortgage intermediary or mortgage packager. It says this is because of the added complexities involved in indirect applications (which involve a third party) and it hasn't yet developed and approved a process for this.

Mr K says this is discriminatory. I think Mr K means this in the more general sense of being unfair, rather than this being unlawful discrimination under equalities legislation. For completeness though, I should say that we offer an informal dispute resolution service. We

don't have the power to decide whether or not FHL is in breach of the Equality Act 2010; only a court has the power to do this. We do take relevant law and regulation into account when deciding what's fair and reasonable in the circumstances of a complaint.

Mr K accepts that FHL doesn't have to offer new products to its customers. He says it's unfair for it to offer new products to some customers but not others. I can appreciate why Mr K says it's unfair that he can't access new products due to the way his mortgage was taken out, some five years previously.

Mr K's mortgages are unregulated, so the rules that apply to regulated mortgages don't apply here. But FHL is required to have due regard to the interests of its customers and treat them fairly.

FHL doesn't offer all of its customers the option of a rate switch, and it doesn't have to do so. It's entitled to set criteria about when it offers new products. One of FHL's criteria is that the mortgage wasn't taken out via an intermediary, as it says it doesn't have a process in place to deal with the additional complexities this involves. FHL says Mr K can apply (via a broker) to re-mortgage with a new product.

Re-mortgaging with a new product would mean Mr K having to submit an application and supporting documents, and there could be additional costs compared to a product switch. It's possible a re-mortgage application might not be successful (although neither party has said this is likely to be the case). If Mr K wants to remain with FHL and take out a new product he can consider doing this. Or he could consider taking advice from a broker about what other options might be available.

I think it's fair to bear in mind that Paratus didn't offer new products to any of its existing customers when Mr K took out the mortgages, so he wasn't relying on this when he took out his buy to let mortgages with Paratus. The mortgage offers say that after the fixed rate products expire a variable rate will apply, and this is what's happened.

I don't think it's fair and reasonable in the circumstances to require Paratus to offer new interest rate products to Mr K, when this would be outside its lending criteria and it doesn't have a process in place to do this. Paratus isn't required to offer new products to customers, and I don't think I can fairly find that Paratus should have expanded its pilot scheme to include Mr K.

### **My final decision**

My decision is that I do not uphold this complaint.

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

Ruth Stevenson  
**Ombudsman**