

The complaint

Mr and Mrs R complain that Bank of Scotland plc trading as Birmingham Midshires would not extend the term and agree a new interest rate product on their buy-to-let mortgage without first receiving advice from an independent mortgage adviser.

What happened

Mr and Mrs R have a buy-to let mortgage with Birmingham Midshires with the term due to end in 2024. The property has cladding problems, which are affecting its value.

In 2022, Mr and Mrs R asked Birmingham Midshires if they could reduce the mortgage balance, extend the term of the mortgage and take out a new fixed interest rate product, in the hope that the cladding issues would be resolved during the extended term.

Birmingham Midshires responded to say that it no longer accepted applications directly and that Mr and Mrs R would need to apply through an independent financial adviser. It gave details of a website where Mr and Mrs R could find an adviser.

Mr and Mrs R complaint that they used the website but it did not sort out their problem. Mr R said that he had to answer lots of questions which weren't relevant.

The investigator did not think the complaint should be upheld.

Mr and Mrs R didn't accept what the investigator said. They made a number of points, including:

- Birmingham Midshires could have indicated if the application had any prospect of success so they could make an informed decision on whether to pay for advice or not.
- The information Birmingham Midshires gave them included advisers that would not deal with the application.
- In August 2023, Birmingham Midshires wrote to them to say the mortgage was due to be repaid in 2024 and that they should contact it if they can't repay.

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 can't see that Birmingham Midshires ever told Mr and Mrs R that it would deal with them directly over the life of the mortgage. It is not unusual for some lenders to only accept applications through mortgage brokers. I don't consider it is unfair or unreasonable for Birmingham Midshires to insist on that here. And ultimately it is its decision how it accepts applications.

I can see why Mr and Mrs R think it would have been straightforward for Birmingham

Midshires to say whether their proposals were likely to be accepted or not. But I take it from the fact that Birmingham Midshires told them to seek advice that the proposals Mr and Mrs R put forward were *on the face of it* acceptable. It has explained that it will consider term extensions and rate switches.

From what Mr and Mrs R have said, I think they wanted a bit more certainty than that. But I don't see how a lender could reasonably give them the assurance they wanted without looking into things a bit more. I don't consider there was any requirement for Birmingham Midshires to do so. It has explained that its process for applications to be made through a broker. There is no pre-application approval process.

Birmingham Midshires has said it only accepts applications through brokers – and I've found that is reasonable. So I don't consider it was unfair or unreasonable for it merely tell Mr and Mrs R they needed to use an adviser and to give them details of a website they could use to find one.

I am only considering a complaint about Birmingham Midshires. The website is supplied by a different unconnected company. So I can't make any findings on how easy or not the website was to use or the results it gave.

Mr and Mrs R have pointed out that Birmingham Midshires sent a letter asking it to contact it if they needed help. But that is for borrowers who are unable to repay the mortgage at the end of term. Looking at what Mr and Mrs R said to Birmingham Midshires in 2022, I can't see that it should have understood that they weren't able to repay or were struggling. They were exploring their options to amend the mortgage. And Birmingham Midshires gave them clear and accurate information about what they needed to do. It was Mr and Mrs R's decision whether to do that or not.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs R and Mr R to accept or reject my decision before 1 November 2023.

Ken Rose
Ombudsman