

## **The complaint**

Mrs N has said that until recently she was unaware she could obtain a new fixed interest rate on her mortgage. She says her lender Bank of Scotland plc trading as Birmingham Midshires stopped offering new products and she wasn't aware she could go through an internal remortgage process to move to one of the other brands within the banking group.

## **What happened**

Mrs N took out her mortgage with Birmingham Midshires in 2007. She borrowed £178,200 (plus fees) on an interest-only basis over a 25-year term. The interest rate tracked at 0.49 percentage points above Bank of England base rate ("base rate") for 24 months, and then it would track 1.99 percentage points above base rate for the remainder of the term.

In 2009 Birmingham Midshires stopped offering new interest rates to residential mortgage customers, and then from 2014 the banking group offered an internal remortgage process to allow those customers to remortgage to Bank of Scotland without full affordability checks being completed.

On 3 February 2023 Mrs N phoned to ask if she could obtain a new interest rate product, and an appointment was booked for her.

Mrs N raised a complaint on 16 February, saying she'd enquired occasionally over the last few years and was told there were no new rates available.

Birmingham Midshires didn't uphold the complaint. It said it had no record of Mrs N phoning to ask for a new interest rate since the internal remortgage process had been put in place, and it had enclosed information about the process with the 2018 annual mortgage statements.

The internal remortgage completed on 31 March 2023.

Mrs N referred her complaint to our service where it was looked at by one of our Investigators. She said there was no record of Mrs N asking for a new rate, and Birmingham Midshires didn't have to proactively write out to all its customers about the internal remortgage process. She said the only calls that had been located were from Mrs N to Birmingham Midshires when she was acting on behalf of her employer, a firm of mortgage brokers, wanting to discuss the accounts of other customers. She said unless Mrs N could provide some evidence of an earlier contact then the complaint wouldn't be upheld.

Mrs N provided some further numbers she may have called from but despite Birmingham Midshires also searching under those, nothing further was found. Mrs N asked that her complaint be passed to an Ombudsman to decide.

## **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.

Birmingham Midshires is a “closed book” lender. This means it doesn’t take on new lending, and hasn’t done so for many years. It just manages its book of existing borrowers. And, as a result of that, it doesn’t offer new mortgage interest rates either. All its customers remain on their existing reversionary rates, once their preferential interest rates end. In Mrs N’s case that has been, since 2009, 1.99 percentage points above base rate.

This means that Mrs N was in the same position as all Birmingham Midshires other customers. None of its customers can access a new interest rate with Birmingham Midshires and have to remain on the reversionary rate once their previous rates have ended. And Mrs N’s reversionary rate of 1.99 percentage points above base rate was fairly advantageous compared to the reversionary rates of other lenders. Therefore I don’t think Birmingham Midshires had treated Mrs N unfairly, or differently to how it treats any of its other customers.

Birmingham Midshires has said that information about the internal remortgage process was included within the 2018 mortgage statement.

I can also see in the migration mailing sent to Mrs N in September 2021 there was a question-and-answer section which said:

*“How do I change my interest rate?”*

*If you have a Buy-to-Let mortgage, please speak to your broker to review your account, otherwise. please get in touch with us and we can talk through your options together.”*

And the annual mortgage statement that was sent to Mrs N in February 2022 said:

*“If you would like to discuss your rate or your interest-only options please call us on [number]. Our lines are open Monday to Friday 08.00 - 20.00 and Saturday 09.00 - 16.00.*

*Alternatively you could speak to your mortgage adviser or an Independent Financial Adviser.”*

Birmingham Midshires hasn’t been able to trace any calls from Mrs N (apart from those from her acting in her professional capacity) until the one on 3 February 2023, and Mrs N has also been unable to provide any evidence of any earlier calls having been made.

Having considered everything very carefully I’m satisfied that Birmingham Midshires didn’t have to proactively contact Mrs N to let her know about the internal remortgage process, and there’s no record of any earlier contact from Mrs N to ask for a new interest rate product where the internal remortgage process could have been discussed. For that reason I don’t think Birmingham Midshires did anything wrong and so I don’t uphold this complaint.

**My final decision**

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs N to accept or reject my decision before 25 March 2024.

Julia Meadows  
**Ombudsman**