

The complaint

Mr B and Ms G complain that Nottingham Building Society misrepresented that they would have the fixed interest rate on their mortgage for a full two years.

What happened

In September 2022 Mr B and Ms G took out a mortgage with Nottingham Building Society. They received advice from a mortgage broker.

Mr B and Ms G said they understood that the fixed rate on their mortgage would run for a full two years from the inception of the mortgage. But they later discovered the fixed rate end on 29 February 2024 – only around 17 months into the mortgage. They consider this is unfair – and they consider the ESIS and offer documents issued by Nottingham Building Society are misleading.

The investigator did not think the complaint should be upheld. Mr B and Ms G did not accept what the investigator said.

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.

Mr B and Ms G were advised to take this mortgage by a third-party mortgage broker. The broker was required to recommend a mortgage that was appropriate for their stated needs and circumstances. That would usually include considering Mr B and Ms G's preferences in respect of the duration of any fixed rate. The broker should also explain the features of the mortgage in a clear, fair and not misleading way.

I don't know what Mr B and Ms G's preferences were or what the broker told them about the duration of the fixed rate. But if they think that the recommended mortgage did not meet their needs, or the terms of the mortgage were not properly explained, then that might be a complaint that is better suited to the broker.

In saying that, Nottingham Building Society had an obligation to pay due regard to Mr B and Ms G's information needs and to communicate in way that was clear, fair and not misleading. The FCA's MCOB mortgage rules set out what information must be included in an ESIS and an offer and how that information must be presented. So I've taken those things into account in deciding what I consider to be fair and reasonable in the circumstances of this complaint.

Before I made my decision, I exchanged emails with both sides. Nottingham Building Society explained how it has interpreted the relevant parts of MCOB and why it considers the ESIS and offer complied with that – and I have passed what it said to Mr B and MS G to comment. After looking at what both sides have said and the relevant rules, I consider that Nottingham Building Society's interpretation is reasonable. So I don't consider there was any requirement for it to include any additional or different information in section 6 or any other part of the ESIS or offer.

It follows, that I don't consider that Nottingham Building Society has acted unfairly or unreasonably in producing the ESIS and offer in relation to Mr B and Ms G's mortgage and that it was not responsible for any misunderstandings. It has provided the information it was required to in a fair and reasonable way. And Nottingham Building Society knew that Mr B and Ms G had received mortgage advice. It was reasonable for it to consider that the mortgage – including the duration of the fixed rate – met their needs.

I was sorry to hear about the strain this matter has caused Mr B and Ms G and their family – and I don't doubt the impact it has had on them. I understand that it has also had a financial impact as they've had to take a new, more expensive interest rate sooner than they expected. But I'm afraid I can't see that Nottingham Building Society has acted unfairly or unreasonably in the circumstances. So I can't tell it do anything.

My final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B and Ms G to accept or reject my decision before 11 April 2024.

Ken Rose
Ombudsman