

## **The complaint**

Mr B complains that Charter Court Financial Services trading as Precise Mortgages (PM) did not give him enough notice that his initial fixed rate was ending, which meant he had to pay a higher variable rate for two months.

## **What happened**

Mr B took out a buy to let mortgage with PM on 22 November 2018. This was on a five-year fixed rate of 3.79% until 22 November 2023 and his monthly repayments were £568.01.

PM wrote to Mr B on 15 November 2023 advising him that the initial interest rate on his mortgage was coming to an end and would change to a variable rate which was 4.99% above the LIBOR replacement rate. The letter stated that the new rate would therefore be 10.57% and that Mr B's monthly payments due from 1 December 2023 would change to £1,573.51.

Mr B says that PM didn't give him sufficient notice about when his fixed rate was coming to an end. He contacted PM on 20 November 2023 and was told that he would need to go through a broker to apply for a new interest rate deal with PM. Mr B got a broker and eventually re-mortgaged with a different lender. He says that PM delayed giving him a settlement figure in January which meant he had to make a higher repayment for another month.

He says that he had to borrow the additional amount from family to make the increased repayments until he was able to get a new mortgage through a broker, which caused him stress and worry. He would like PM to refund the additional interest he was charged.

PM says that there was no obligation on it to send a reminder letter to Mr B regarding the fixed rate coming to an end. It sent the letter on 15 November 2023 as it had to provide advance notice of a change to Mr B's payments and this would need to be done using the most up to date balance and the calculation of the new rates was in line with the original offer letter.

PM also says that Mr B wrote to it asking when his fixed rate was due to end and it contacted him by phone on 1 February 2023 to confirm the details and that the fixed rate would expire on 22 November 2023. It advised Mr B that it was too early to get a new mortgage deal at that stage but that he could enquire about this at the end of August 2023. Therefore, PM says that – although a letter was only issued on 15 November 2023 – Mr B could have applied for a new rate three months before the current deal expired, which is why he was advised over the phone that he could review new products from August 2023.

PM says that it does not have any facility for direct sales as it does not have a team of trained mortgage advisors. It also says that it has no facility for Mr B to choose a product himself and proceed on a non-advised basis without a broker. PM says that it is made clear on its website that it offers its mortgage products exclusively through brokers.

Our Investigator looked into Mr B's complaint and concluded that PM had not acted unfairly and he therefore didn't recommend that it refunded the additional interest to Mr B.

Mr B disagrees with this so the case has come to me to make a decision.

## **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.

Having looked at the evidence I agree with the Investigator's view for broadly the same reasons and I've explained my reasons further below.

Mr B's mortgage was an unregulated buy to let mortgage, which means that there was no requirement for PM to notify him that his fixed rate was coming to an end.

I have looked at the mortgage offer produced on 4 September 2018. This sets out that the fixed rate of 3.79% would apply for 60 months from when the mortgage started and that, following the fixed rate period, interest would be charged at a variable rate which is 4.99% above LIBOR (now LIBOR replacement rate). So I'm satisfied that Mr B was made aware at the outset that the fixed rate would apply for five years from the date the mortgage was taken out.

I also note that PM's contact notes show that it received a letter from Mr B asking about his fixed rate and called him on 1 February 2023. The note for this date sets out that the adviser confirmed that the fixed rate was ending on 22 November 2023. So – although there was no obligation for PM to provide advance notice of when the rate was ending – it did confirm this some months beforehand in response to his query.

I've listened to the call between Mr B and PM on 20 November 2023. Mr B called having received PM's letter setting out what the new monthly repayment would be and asked about getting a new deal. The adviser informed him that he would need to instruct a broker to get a new product. I understand that Mr B was unhappy with this as it meant the process for him to change to a new product would take longer.

It is a matter for PM about what products and services it offers to customers and it is entitled to make a business decision to require customers to go through a broker. I can see that PM's website sets out that it is a "*dedicated intermediary only lender*", and that "*This means our mortgage products are available exclusively via financial advisers*". So I can't say that PM has acted unfairly by requiring Mr B to go through a broker in order to switch products.

In relation to what Mr B has said about PM delaying giving him a settlement figure, I can see from PM's contact notes that Mr B's solicitor contacted PM on 12 December 2023 requesting a redemption statement dated 3 January 2024. The notes show that this was issued to the solicitors on the same day and I have seen a copy of this dated 12 December 2023. The solicitor called to chase the redemption statement on 15 December 2023 and it was resent by fax on that date.

The mortgage was redeemed on 3 January 2024 and I can see that a letter was issued to the solicitor on 17 January 2024 confirming that PM's legal charge had been removed from the Land Registry. In light of this, I can't see any evidence to suggest that PM delayed providing Mr B or his solicitors with a settlement figure so that the mortgage could be redeemed.

I know my decision will come as a disappointment to Mr B, but I can't say that PM has acted unfairly in the circumstances of this case and I don't uphold this complaint.

## **My final decision**

For the reasons I've explained above, I don't uphold this complaint and don't require Charter Court Financial Services trading as Precise Mortgages to do anything further.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 26 July 2024.

Rachel Ellis  
**Ombudsman**