

The complaint

Mr and Mrs B complain that the duration of the fixed interest rate product on their mortgage with Bank of Ireland (UK) Plc (BOI) will not last as long as they were led to believe

What happened

In December 2019, Mr and Mrs B applied for a mortgage with BOI. The mortgage was recommended by a third-party broker. The mortgage illustration said the mortgage had a fixed rate of 1.91% from completion until 28 February 2025. The offer was valid until 19 June 2020. When the solicitors changed a further offer was issued that was valid until 8 July 2020.

There was a delay in building Mr and Mrs B's home. So they asked BOI to extend its offer. It agreed and issued another offer and illustration. The illustration said the mortgage had a fixed rate of 1.91% from completion until 28 February 2025. The mortgage completed in February 2021.

Mr and Mrs B complain that BOI reduced the duration of the fixed rate. They said they were offered a "five year" fixed rate – yet they will only receive the benefit of the fixed rate for four years. Mr and Mrs B provided examples where BOI refer to the product as a "five year" fixed rate. They consider that contradicts what the illustration said.

The investigator did not think the complaint should be upheld.

Mr and Mrs B did not accept what the investigator said. They made a number of points, including:

- It was unfair for mortgage lenders to advertise a product with a fixed interest rate period that is different to the product actually offered.
- Describing the product as a "five year fixed rate" is a statement of fact and should be honoured. It is unfair to say it is consumers responsibility to check the mortgage terms and conditions.
- They were told in writing on several occasions that it was a "five year fixed rate".
- It was reasonable for a consumer to understand that a "five year fixed rate" would last for 60 months.
- It was not adequately explained that by agreeing to the extended offer that they would be foregoing the full benefit of the fixed rate they were promised.

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.

A mortgage broker recommended this mortgage to Mr and Mrs B. It was for the broker to

recommend a mortgage that was suitable for Mr and Mrs B's needs and circumstances and to explain the terms of the mortgage. That would include that the fixed rate would end on a fixed date no matter when the mortgage was taken out.

BOI still had an obligation to communicate in a way that is clear, fair and not misleading. I am satisfied that the illustrations issued in December 2019 and June 2020 – which formed part of the mortgage offers – set out clearly and prominently that the fixed rate would end on 28 February 2025. There is no reference to the rate being a “five year” fixed rate.

The offer and illustrations were important documents – they set out the terms and conditions of the mortgage that BOI was offering to Mr and Mrs B. By accepting the offer, Mr and Mrs B agreed to be bound by its terms. I consider there was a reasonable expectation that they would read the offers and illustrations. I can't see that Bank of Ireland led them to believe it was offering them a fixed rate that would last for five years – it was clear the rate would end in February 2025.

Mr and Mrs B have given us examples of where the rate was referred to as a “five year fixed rate”. Some of that information was from the broker. BOI is not responsible for that.

Mr and Mrs B have given us evidence that in some pre-sale paperwork, BOI labelled the product as a “five year fixed rate”. I agree in isolation, that might be potentially misleading. But I note that the product was only available to intermediaries. So it could only be recommended by suitably qualified brokers. There was an expectation that the broker would only recommend the product where it met the consumer's needs – and also explain the correct position regarding the length of the fixed rate.

Further, I've already found that the offers and illustrations contained the correct information about the end date of the product. I do not consider that initially labelling the product as a “five year fixed rate” overrides what was stated in the offers and illustration.

The evidence we have shows that the mortgage broker arranged the extension of the mortgage offer. I can see that it might have been good practice for the broker to review Mr and Mrs B's needs and check if extending the offer was the right thing for them – particularly as the evidence Mr and Mrs B have given us said they did not want to review their mortgage for at least five years and they wanted a minimum fixed rate of five years. But BOI is not responsible for the advice they received. And I would note that I am not considering a complaint about the broker and have not made any findings against them.

I am sorry to disappoint Mr and Mrs B. But, in the circumstances of this complaint, I don't consider BOI acted unfairly or unreasonably. I note the point they made about the confusing information given by BOI in 2024, but I don't think that makes any difference to the outcome of this complaint.

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 Mr B and Mrs B to accept or reject my decision before 6 August 2024.

Ken Rose
Ombudsman