

## **The complaint**

Mr and Mrs M complain that they missed out on a lower interest rate product due to unclear information from HSBC UK Bank Plc.

## **What happened**

Mr and Mrs M's interest rate product was due to expire in August 2023. They wanted to extend the term of their mortgage and take out a new product. They were able to choose a new product online. However, they had to attend an appointment with a mortgage adviser to apply to extend the term.

HSBC sent a mortgage offer with the new term and a new two-year interest rate product. Mr and Mrs M paid the product fee and used Mrs M's online banking account to accept the mortgage offer on 12 July 2023.

In November 2023 Mr and Mrs M realised the product hadn't been applied and they were on HSBC's standard variable rate (SVR). This was because only Mrs M had accepted the offer. HSBC requires both joint account holders to accept the offer.

Mr and Mrs M say they weren't told they both needed to accept the mortgage offer, or the steps they needed to take to do this. HSBC re-issued the offer which Mr and Mrs M accepted. The new interest rate product was applied to their account from early December 2023. Mr and Mrs M say the higher payments while on the SVR caused financial strain on the family.

HSBC said its online service would have prompted Mr and Mrs M to check both of them had accepted the offer. It said it sent reminders by email, letter and text.

Our investigator said HSBC had done enough to make Mr and Mrs M aware that they both needed to accept the mortgage offer.

Mr and Mrs M didn't agree. Mr M said HSBC's online service and messages didn't say they both had to accept the offer and this was not made clear to them. He said they disregarded messages reminding them to accept the offer, assuming they related to an earlier application.

## **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.

Where the evidence is incomplete, inconclusive or contradictory, I reach my decision on the balance of probabilities – in other words, what I consider is most likely to have happened in light of the available evidence and the wider circumstances.

At the heart of this complaint is whether HSBC did – or didn't – do enough to make Mr and Mrs M aware that they must both accept the product offer. When considering this, I've taken into account the following.

- When Mr and Mrs M accepted their previous product they both signed to accept it. This was in 2018 and they signed a physical form.
- HSBC wrote to Mr and Mrs M in March 2023 to remind them their product would expire in August 2023. This letter said if they switch rates online only one account holder needed to do this. It said, as part of the process, they'd have to confirm they had the other account holder's permission. However, Mr and Mrs M couldn't follow the online process as they also wanted to extend the term. For this, they needed to meet with a mortgage adviser.
- Mr M met with a mortgage adviser in mid-June 2023. He paid the booking fee and HSBC issued a mortgage offer on 28 June 2023 with the term extension and new interest rate product.
- Mr M says the mortgage adviser didn't tell them he'd need to register for on-line banking, or that he'd need to accept the mortgage offer separately. HSBC says its mortgage advisers make a mortgage recommendation; they don't assist customers with the online acceptance process.
- Mr M says they accepted the offer using Mrs M's online account on 12 July 2023.
- HSBC says the information provided during the online application process makes it clear that for a joint account all applicants have to accept the offer. HSBC says a message would have been displayed after Mrs M accepted the product offer saying that Mr M also needed to accept the offer. Mr M says this message did not appear. Mr M says the screen shots provided by HSBC are out of date, as the example screen shot it provided refers to a date in 2021.
- Mr M says when Mrs M accepted the offer in November 2023 there was no message saying he also needed to accept the offer. He says he has a screen shot of this.
- Mr M says when they "tested" the application process recently they were told he'd have to register for online banking before they could proceed. He says the HSBC call centre said mortgage advisers can by-pass this. Mr M says it's possible there are IT bugs or that different messages appear based on different information inputs.
- HSBC sent letters to each of Mr M and Mrs M in June 2023 about the process to continue with the product application, including to register for online banking. It sent them both letters in early July 2023 to remind them to accept the offer.
- HSBC sent text messages on 13 July 2023 and 20 July 2023 to remind Mr and Mrs M to accept the offer.
- HSBC wrote to both Mr and Mrs M on 28 July 2023 saying the mortgage offer had expired. It said to contact it or submit a new application online.
- Mr and Mrs M's product expired on 31 August 2023.
- HSBC wrote to Mr and Mrs M on 1 September 2023. The letter said the interest rate had changed and the mortgage was now on the SVR. It set out the new monthly payment due in October 2023.
- Mr M contacted HSBC in mid-November 2023. He raised a complaint that the product hadn't been applied. HSBC re-issued the mortgage offer, with the same interest rate product. Mr and Mrs M accepted the offer and the product interest rate was applied to

their mortgage from early December 2023.

I can understand Mr and Mrs M's disappointment and frustration that their mortgage went onto HSBC's SVR for about two months. The question here is whether HSBC gave Mr and Mrs M sufficiently clear information that they both had to accept the mortgage offer, and Mrs M's acceptance alone was not enough. Having considered all of the available evidence, I think it did.

There's dispute as to whether Mrs M was shown a message when she accepted the offer online saying that Mr M also had to accept the offer. But even if I accept what Mr and Mrs M say – that they didn't see this message – I don't think this would be enough for me fairly to uphold this complaint and require HSBC to refund interest. That's because HSBC also contacted Mr and Mrs M in other ways.

Mr M says the correspondence and information from HSBC didn't say they each had to accept the offer separately. I agree this isn't specifically stated. I can understand that Mr and Mrs M disregarded reminders received prior to 12 July 2023 – they knew they hadn't yet accepted the offer.

But HSBC sent reminders after 12 July 2023 for Mr and Mrs M to accept the offer. It wrote to Mr and Mrs M on 28 July 2023 saying the mortgage offer had expired. It said to contact it or submit a new application online. This was a month before their existing product was due to expire, so they had time to contact HSBC before the mortgage went onto the SVR. And HSBC wrote to Mr and Mrs M on 1 September 2023 to say their mortgage was now on the SVR. It set out the new monthly payment due in October 2023, which would have been significantly higher than Mr and Mrs M were expecting.

Mr and Mrs M say they didn't receive the letters or messages, or that they disregarded them, assuming they related to a previous application. HSBC wasn't responsible if its letters or messages weren't delivered or if Mr and Mrs M disregarded them. I think HSBC took reasonable steps to keep Mr and Mrs M informed as to the status of the mortgage offer – that is, that they still needed to accept it, that it had expired and then that they were on the SVR. If Mr and Mrs M weren't sure why this was or what the problem was, they could have contacted HSBC.

I appreciate that Mr and Mrs M will be disappointed. But I don't think it's fair and reasonable in the circumstances to require HSBC to refund the additional interest they paid while on its SVR.

### **My final decision**

My decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs M and Mr M to accept or reject my decision before 30 September 2024.

Ruth Stevenson  
**Ombudsman**