

## **The complaint**

Mr N complains about the offset mortgage he had with Bank of Scotland plc, trading as Intelligent Finance (IF). He's unhappy with IF's decision to close the current account linked to the mortgage and says this decision means the offset mortgage was mis-sold to him.

## **What happened**

Mr N took out his offset mortgage in 2002. He borrowed £110,000 over a 25-year term, on an interest-only payment basis.

The mortgage was part of a plan which came with the option of various 'jars' that could be included in it. Mr N opened a current account and a savings account to operate alongside the mortgage. He used the current account to hold savings to offset the mortgage interest. He also set up automatic monthly payments from the current account to the mortgage.

In October 2023 IF wrote to Mr N, saying that it intended to close the current account which is linked to the mortgage in February 2024.

Mr N made a complaint. He said in summary that he took out the mortgage on the basis that it would be an offset arrangement for the life of the mortgage, and that IF should have made it clear at the outset if there was a chance it would withdraw the facility to offset. Had it done so, he said he might instead have taken out a traditional repayment mortgage instead of an offset arrangement.

IF said it had made a business decision to close all current accounts, not just Mr N's, and it wouldn't be changing that decision.

In January 2024 Mr N repaid the mortgage in full, and said he felt forced into doing so because of the pending current account closure and what that would mean for managing his accounts.

Our Investigator didn't recommend that the complaint should be upheld. Mr N didn't accept that conclusion and asked for an Ombudsman's review. He still considered that he was entitled to expect the current account that was sold to him as a long-term, integrated product should have remained available to him for the full 25-year term, and said that in withdrawing it IF has undermined his trust in financial services.

## **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 done so, I don't consider that this complaint should be upheld.

IF made the decision to close all its customers' current accounts and it wrote to Mr N giving him around four months' notice before his account would be closed. Mr N kept enough money in his IF current account to offset his full mortgage balance. He also had automatic

payments set up on the current account so that his mortgage was paid automatically each month. Operating his accounts in this way meant that he could offset the mortgage interest but the money in the current account was there in case he needed it, and monthly payments were made to the mortgage without him needing to do anything.

Importantly, however, the closure of Mr N's current account didn't mean that he would no longer be able to offset his savings against his mortgage. The savings account, or 'jar', would remain open. So Mr N could have continued to offset his mortgage interest by transferring the money in his current account to his savings account. IF explained this in its letter to Mr N when it gave him notice of the forthcoming closure of his current account.

The facility to offset savings and debt wasn't therefore being removed. The current account closure did mean that Mr N would no longer be able to manage his accounts in the way he wanted and as he had been doing. But I don't think that means that IF's decision to close his current account was unfair or unreasonable, or that it was a decision IF wasn't entitled to make.

It's unfortunate that IF hasn't been able to provide a copy of the 2002 mortgage offer or terms and conditions. It has been able to provide a copy of the 2003 conditions. They say, at A.17.3: "We may close your Intelligent Finance plan or any part of it by giving you written notice. Normally the notice will be at least 30 days." It seems likely that the 2002 conditions would have contained a similar provision. Mr N has said that it should have been made clear to him when the offset mortgage was sold to him that the offsetting facility could be withdrawn in the future, so that he could have made an informed decision about whether to take the mortgage. The offsetting facility has not, however, been withdrawn – only the facility to offset from a current account. And I wouldn't expect marketing material to cover every eventuality.

In the letter giving notice to Mr N of the pending current account closure, IF said his mortgage and savings account would remain open, and that he could use the Current Account Switch Service to move his current account to another provider. If he used that service, IF would switch his mortgage payments to the new current account. The account closure would have meant Mr N managing his money differently, but it didn't mean that he had no choice but to repay his mortgage. That was his decision.

IF made a commercial decision to close Mr N's current account. I'm satisfied that it wasn't unfair in making that decision. It gave Mr N around four months' notice of the closure to give him time to make other arrangements, it treated him the same as its other customers, and it didn't remove the facility to offset his mortgage and savings interest.

In all the circumstances of this complaint, I don't find it appropriate to make any order or award.

### **My final decision**

For these reasons, 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 N to accept or reject my decision before 18 December 2024.

Janet Millington  
**Ombudsman**