

Complaint (23)

Background & Complaint

The Complainant held a mortgage with the Respondent Bank from March 2006 to May 2009. The loan was drawn down on 31 March 2006 at a discounted tracker interest rate of 0.85% above the ECB rate, due to the Complainant's status as a holder of a specific current account. In July 2006 in view of interest rates rising the Complainant applied to fix the interest rate applying to her mortgage until 31 July 2008. She claims that she was assured by her broker and an official of the Respondent that she would be entitled to return to the original tracker rate upon expiry of the fixed rate period. She also claimed that her original mortgage agreement stipulated that the tracker rate of interest would apply "*for the life of the home loan term*".

However when the fixed rate term concluded, her account was placed on the Bank's standard variable rate and not on the tracker rate which had applied earlier. The Complainant also alleged that she was not given the option of switching to an alternative tracker rate and claimed that her account was simply switched to the standard variable rate without her being given option or explanation in the latter.

The Complainant denies that she was issued with a letter dated 1 July 2008 wherein the Respondent claimed she was informed of the interest rate options available to her on the expiry of the fixed rate term. The Complainant claimed that in a telephone conversation on 14 July 2008 she was given no choice but informed that she would be switched to the Bank's standard variable rate after 31 July 2008 – she also noted that no reference had been made to the letter allegedly sent by the Respondent to her on 1 July 2008 outlining the interest rate options which would be available to her at the expiry of the fixed rate term.

Note

The Complainant moved to another Provider in May 2009 being dissatisfied by the manner in which she had been dealt with by the Respondent.

Remedy Claimed

The Complainant sought the difference in interest paid by her from the end of the fixed rate term compared with what would have been paid under the tracker arrangement which governed the initial period of the mortgage and the reinstatement of the tracker or alternatively payment of the difference in cost to her for the duration of the mortgage.

Finding

A very thorough evaluation of the facts and after significant questions had been addressed to and answered by the Complainant and Respondent, the Respondent was not able to produce a copy of the letter allegedly sent, or provide any proof of it having been sent to the Complainant. Similarly, there was no recording of the telephone call above referred to.

It was found that there was an ambiguity/discrepancy in the documents which could have misled the Complainant and that the Respondent should have alerted the Complainant to the ECB rate 0.85% on 1 August 2008.

The complaint was substantiated.

Remedy

The Complainant had since moved to a new Provider over whom the Ombudsman had no jurisdiction.

The compensation computation was complex, though balanced and fair and as well reasoned, resulting in an award of €25,000 to the Complainant.

Comment

This was an immensely complex and difficult case, well researched and investigated, resulting in a Finding and a just award well reasoned.