

The complaint

Mr and Mrs M complain about delays when they applied to port the mortgage they held with The Co-operative Bank Plc (trading as Platform).

What happened

Mr and Mrs M took a mortgage with Platform in 2019. The mortgage interest rate was fixed for three years. There was an early repayment charge (ERC) if they repaid it within the fixed rate period. The mortgage was portable which meant it could be transferred to a new property on application, subject to Platform's lending criteria at the time of switching.

In June 2020 Mr and Mrs M contacted Platform as they were looking to move house. They were told that it would take six to eight weeks for a mortgage offer to be issued once Mr and Mrs M had applied to port their mortgage. A mortgage advice call was conducted on 23 September 2020 and Platform confirmed in writing that it thought the additional amount Mr and Mrs M wanted to borrow would be affordable to them, subject to proof of income and credit checks. At this point Mr and Mrs M hadn't had an offer accepted on a new property.

Mr and Mrs M called Platform on 14 October 2020 to explain that they had an offer accepted on a property. By this time, Platform's timescales had increased to between eight and ten weeks from application to a mortgage offer. Platform advised they would receive a call back from the mortgage advice team, but it wasn't able to confirm an exact time or date.

Mr M called back on 16 October 2020 saying that he'd not received a call. Again, Platform was unable to confirm when he would receive a call back but was told it should be by 21 October 2020. It told Mr M that he should call back if he hadn't heard anything by this date. Platform didn't call Mr and Mrs M back, and they cancelled their application on 12 November 2020.

Mr and Mrs M applied to another lender and redeemed their Platform mortgage on 30 November 2020. They were charged the ERC. They complained to Platform. Platform responded to the complaint explaining that its timescales were longer than they'd like because of the covid-19 pandemic. They offered £25 compensation for the poor customer service in not returning Mr and Mrs M's calls.

Mr and Mrs M referred the complaint to our Service and one of our Investigators looked into it. He didn't think the complaint should be upheld. He noted that Mr M had said he'd call back if he hadn't received a call by 21 October but didn't. He was satisfied that Platform had always explained its timescales to Mr and Mrs M and managed their expectations. Overall, our Investigator was satisfied that Platform was entitled to charge the ERC.

Mr and Mrs M didn't agree. As agreement couldn't be reached, the case was passed to me to decide. I provided my initial thoughts to Platform and Mr and Mrs M explaining why I thought the complaint should be upheld. Platform hasn't responded. Mr and Mrs M accepted this. So, I've decided to proceed with a final 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.

The facts of what happened aren't disputed here. Mr and Mrs M weren't ready to proceed with their mortgage porting application until 14 October 2020. And they were aware of the timescales involved. They contacted Platform on this date asking to proceed. They were told they would receive a call back to complete the application. Mr and Mrs M contacted Platform two days later and were again told that they would receive a call back, but if they didn't, they should get in touch again after 21 October 2020. Mr and Mrs M didn't get in touch with Platform again until 11 November 2020 by which time they'd decided to go to another lender.

Whilst I accept that it was Mr and Mrs M's decision to move to another lender, I believe this was heavily influenced by Platform's failure to contact them. I don't think it was fair for Platform to ask them to call back if they hadn't heard anything by a certain date. They had already called twice and had been told twice they would receive a call back. They should've been able to expect a call back within a reasonable time frame. However, no call was received at all. I say this because until they'd received that call, Mr and Mrs M's application hadn't formally started, they knew its timescales were increasing from earlier contacts, and it was reasonable for them to decide that if they couldn't be certain Platform could deal with their application in good time, they would need to look elsewhere while there was still time for another lender to consider it.

Had a call been received in a timely manner, I think it's more likely than not that Mr and Mrs M would've chosen to stay with Platform as their lender and ported their existing mortgage, and therefore avoided paying the ERC. I'll explain why I say this.

Mr and Mrs M have provided a summary of their house purchase and the situation with their buyers and sellers. This has given me a better understanding of their situation and the timescales involved. Whilst Mr and Mrs M did complete on 30 November on their new property, they've told us there was no requirement for them to do so - they did so because they were able to get an offer and the chain was ready. They've explained that their buyers were flexible, but they also had other arrangements for accommodation which they could've moved into temporarily. Mr and Mrs M also told us that the property they purchased was being sold by the brother and sister of an elderly gentleman and they were selling it on his behalf. He had already vacated the property and was in no rush for the funds. Considering all of this, it seems likely to me that there was flexibility in the completion date.

Based on this, I think it's likely that Mr and Mrs M say they could've comfortably pushed the completion date back to mid-December 2020, and possibly longer. I'm aware Platform's expected turn around times were around eight to ten weeks from application to offer at the time Mr and Mrs M were ready to apply. This is at the very end of what I'd call a reasonable turn around time for an application to port a mortgage to receive an offer. I don't think any longer than this is reasonable in the majority of cases. It's almost removing the option to port given that it can't be turned around within a reasonable time scale. If a mortgage has a portable feature, then a lender should be able to facilitate this (including taking an application and carrying out its usual checks) within a reasonable timescale.

I'm also aware that this timescale starts once the application is processed. I don't consider this reasonable if a consumer is having to wait for calls back, with no given date of when this may be (in this case, it turned out that no call was received). Had the application been started when Mr and Mrs M first called (or within a reasonable time frame soon after) then they would've been able to complete in time for mid-December. And as I've explained above, I think it's likely they could've delayed until this stage. However, given that they were simply

getting nowhere with getting a call back from Platform, I don't think it was unreasonable for them to approach another lender for the mortgage. As the process hadn't even started by mid-November, Mr and Mrs M were left with little choice but to look for another lender that could act more quickly.

I've noted Platform's argument that these waiting times were caused by the pandemic. However, I'm aware that it also offered much quicker timescales for other types of mortgage applications depending on how it was submitted. It's a matter for Platform to decide which area of its business it wants to prioritise within overall resource limitations. But it's a matter for me to consider whether an individual customer was treated fairly – and in this case, because Platform wasn't able to consider their application within a reasonable time, I don't think Mr and Mrs M were treated fairly.

Because of this, I think that it wasn't fair for Platform to charge the ERC. And I'm going to tell it to refund this.

I've thought about whether further compensation for the distress and inconvenience caused by this to Mr and Mrs M is warranted. However, I also note that Mr and Mrs M's new mortgage had a rate of 1.89% compared to their Platform rate of 2.04%. And it finished a few months after the Platform rate would've done. Because of this, they have benefitted from this lower rate, so I'm not going to award any further compensation.

Putting things right

Platform should refund the ERC it applied to Mr and Mrs M's mortgage balance when they redeemed it. It should add 8% simple interest per annum from the day it was charged until the day it makes payment.

My final decision

I uphold this complaint and direct The Co-operative Bank Plc to put things right as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr and Mrs M to accept or reject my decision before 27 July 2022.

Rob Deadman
Ombudsman