

The complaint

M's complaint relates to three buy-to-let mortgages it has with The Mortgage Works (UK) Plc (TMW). M is dissatisfied about TMW's decision that the business relationship should end, which has resulted in TMW confirming that it would not consider any further applications for new borrowing. That then means that M can't sell its properties and port the existing interest rate products to new mortgages.

What happened

In early 2023 M applied to port the interest rate products on two of its mortgages with TMW to new mortgages on different properties. The properties didn't comply with TMW's lending criteria and so the applications for new mortgages and porting were turned down.

During the numerous complaints that were made thereafter by M, and its directors in their personal names, TMW decided that the relationship between it and the directors had broken down and should be ended. In a final response letter dated 11 July 2023 TMW explained this and said it had withdrawn the "product switching" facility from the mortgages (in both M and the directors personal names) and so when the then current mortgage products ended, no new products would be available. M would then be able to refinance elsewhere without incurring an early repayment charge.

There was further correspondence between the directors and TMW. On 8 September 2023 TMW confirmed that, as it had concluded that the business relationship should end, it would not facilitate new porting applications by agreeing new mortgages or engage in making any changes to the existing accounts that involved assessing new lending proposals. It was reiterated on 6 December 2023 that TMW would not grant new mortgages to which existing interest rate products could be ported.

M complained about TMW's proposed refusal to consider future porting applications and when it didn't receive a response, it asked the Financial Ombudsman Service to consider the complaint.

One of our Investigators considered the complaint. She concluded that given the level of dissatisfaction the directors of M had expressed about TMW, it was not wrong to have concluded the relationship had broken down. As such, it was not unreasonable for TMW to make the decision that it wouldn't offer further borrowing to M.

M didn't accept the Investigator's conclusions and asked that the complaint be referred to an Ombudsman. The directors said that TMW should at least allow M to make applications for new mortgages to port the existing products to, even if it made up reasons to decline the application. M also said that the Investigator was wrong when she said that porting involved a new contractual agreement – porting meant moving the existing mortgage to a new property on the same terms.

I considered a separate complaint about the removal of the product switching facility on a buy-to-let mortgage the directors of M have with TMW in their personal names. Following a provisional decision, TMW confirmed that there was no "switching facility" on any of the

mortgages held by the directors or M, and the concept had been badly worded in the final response letter. TMW reiterated that it had concluded the business relationship had deteriorated to the point that it should not continue any longer than necessary and offering further products would be contrary to that outcome.

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.

Before I comment on the merits of M's complaint, I will provide some clarification regarding porting, given the directors' more recent comments. Firstly, as is the case with all standard mortgages, the lender agrees to lend a certain amount of money to the borrower which is secured on a particular property. If the borrower wants to fix the interest rate for a period of time or have it track something like Bank of England Base Rate, an interest rate product can be applied for. This sits on top of the mortgage. It doesn't change the terms of the mortgage contract, but simply dictates the amount of interest that will be charged during a certain period.

While it's often referred to as porting a mortgage to a new property, on standard mortgages, that isn't an entirely accurate descriptor. The mortgage contract is not transferred to the new property, rather a new mortgage is applied for. If that mortgage is agreed by the lender following an assessment of the application, then the interest rate product attached to the existing mortgage can be ported to the new mortgage. Porting a product is only ever a possibility and never guaranteed.

It is a matter for a lender's commercial discretion as to whether it agrees to lend. Factors for that decision would include the nature of the property being purchased, financial considerations and who or what is asking to borrow. In this case it is clear that the directors of M are very unhappy with TMW as is evidenced by the number and nature of the complaints that have been made to TMW about M's mortgages and the directors' other mortgage. TMW has concluded that the business relationship has deteriorated to a point where it would be better for it not to continue longer than absolutely necessary. I don't think that conclusion is wrong. As such, TMW has said it will not consider any further applications for borrowing from M or its directors, because granting further lending would be to extend the relationship. I know this will disappoint the directors of M, but it is a decision that I consider TMW is entitled to make.

While not relevant to the core of this complaint, I would comment on the ongoing maintenance of the existing mortgages. As I said in relation to the directors' other mortgage with TMW, if in the future, M applies for new interest rate products on the existing mortgages, TMW must approach its assessment of any application in a fair manner and treat M in the same way it would any other buy-to-let borrower in similar circumstances.

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 M to accept or reject my decision before 2 August 2024.

Derry Baxter
Ombudsman