

## The complaint

Miss O complained about delays when she asked Bank of Scotland plc (“BoS”) to put her on a different mortgage product. She said BoS caused delays, and though it had paid some compensation for that, she didn’t feel it had taken account of all the delays it caused.

## What happened

Miss O said BoS caused delays with her remortgage. She said she’d complained, and BoS paid some compensation, but she thought the payment was short by a month’s interest. She wanted our service to look into this for her.

BoS said Miss O had a residential mortgage with it, but had been renting out the property for many years. And her mortgage was on a variable rate. So she wanted to change to a Buy To Let (“BTL”) mortgage, putting her borrowing on a fixed rate. BoS said Miss O approached it about this on 30 May 2023.

BoS said it considered Miss O’s application, and at first it turned this down, because it had affordability concerns. Miss O complained, and BoS reconsidered. It made a mortgage offer to Miss O in September 2023, and her mortgage type was finally changed in December.

BoS said it thought Miss O’s remortgage should have taken about two months, and therefore should have been in place at the start of August. So it paid her back all the extra interest she had paid, as a result of this new mortgage not taking effect until December.

BoS showed us it had made two payments to Miss O, one of £1,491.42 in September, which covered extra interest she had paid in August and September 2023, as well as interest on that money, and £250 in compensation. Then, when Miss O’s mortgage deal took longer to be applied to her account, it made a second payment of £1,229.34 in December, covering extra interest paid for October and November, plus the first few days of extra interest it had charged in December before the new mortgage was in place, as well as interest on that money and an extra £25 in compensation.

BoS thought what it had done made up for what went wrong here. But Miss O thought BoS had delayed in setting up her initial discussions about the remortgage too. So she thought the delay was more than BoS had allowed for, and it should pay back that extra interest too.

Our investigator didn’t think this complaint should be upheld. She said Miss O asked to remortgage on 30 May 2023, and the application process started on 26 June. After an initial decision against Miss O, her application was approved on 12 September.

BoS had since refunded Miss O the overpayments she’d made, and paid interest on those at 8%. It also paid £275 in compensation. Our investigator didn’t think BoS had to do more than this.

Miss O didn’t agree. She said BoS also delayed at the start, her application should have started much earlier than it did. So she didn’t think it had done enough to make up for what

had gone wrong. Because no agreement was reached, this case came to me for 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.

I've reached the same overall conclusion on this complaint as our investigator.

I know that Miss O feels BoS delayed at the start of her application too. I think that's probably right, but I do think BoS' compensation takes this into account.

Miss O first contacted BoS on 30 May. BoS said it would usually expect a remortgage like this one, including a change of mortgage type, to take two months, from start to finish. That's not just the time it takes BoS to make a decision on the mortgage, but it's also the time that a solicitor takes to process the remortgage too. So it includes all the things that need done from someone asking for a new mortgage, to that new mortgage taking effect for them.

I think that is a reasonable estimate of the time this would usually take, if things don't go wrong.

We know Miss O's remortgage didn't take effect until early December, so it took much longer than this.

But when BoS looked at what it thought should have happened, it thought that, if Miss O asked for a new mortgage at the very end of May, then her new mortgage should have been in place at the very end of July. So it refunded all the extra interest Miss O paid from August, until the start of December, when her new mortgage finally did take effect. It also paid interest on that money, and £275 in compensation.

So I think BoS has already put Miss O in the position she would have been in, if it had acted promptly and taken the right decision the first time.

I don't think it's likely, even if BoS had acted promptly and taken the right decisions the first time, that Miss O could have asked for a remortgage at the very end of May, and had that mortgage in place by the end of June. Unfortunately, I think Miss O was always likely to have to pay her pre-existing variable interest rate for July. That's why I don't think BoS has to refund to Miss O any interest she paid for that month.

I know that Miss O will be disappointed, but I think BoS has already provided a fair and reasonable outcome in this case. So I don't think her complaint should be upheld.

### **My final decision**

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss O to accept or reject my decision before 29 July 2024.

Esther Absalom-Gough

**Ombudsman**