

The complaint

Mr and Mrs G complain that Accord Mortgages Limited promised them a response to a query about their account. The question wasn't responded to until several weeks later which held up their application to amend the term of their mortgage.

What happened

Mr and Mrs G have a mortgage with Accord. They also had a fixed rate mortgage product which ended after which the interest rate went on to Accord's standard variable rate ("SVR"). Mr and Mrs G got a payment from a critical illness policy and made an overpayment of £90,000.00 in early November 2023 following making the contractual monthly payment ("CMP") now based on the SVR on 1 November.

In a phone call at that time, Mr and Mrs G asked whether there would be a refund on that month's CMP because of the overpayment. Mr and Mrs G formed the view that the Accord adviser simply wanted to be off the phone and said he would provide a written response to their query the following week but didn't. Mr and Mrs G raised a complaint by email on 21 November. On 17 January, Accord sent an explanation of what happened to the CMP in November and December because of the overpayment. Accord also sent a final response to the complaint offering compensation of £50 as it hadn't sent a full explanation to Mr and Mrs G in respect of the query that they had raised. Accord later raised this offer to £150. Our investigator's view was that this was reasonable compensation for Accord's failure. Mr and Mrs G disagreed saying that Accord's failure prevented them applying to shorten the term of the mortgage.

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.

Firstly, I am sorry to learn of Mr G's illness which gave rise to critical illness payment. The complaint arises because Mr and Mrs G wanted clarification, having made an overpayment, and paid a CMP in November, as to how this would affect their account to insure there wasn't a financial loss. Accord agrees that clarification should have been sent and it wasn't, and that compensation should be paid which both Accord and our investigator agreed should be £150. Mr and Mrs G say that the reason they wanted the information was that they needed it before they could apply for a reduction in the mortgage term and that the compensation suggested didn't address that issue.

At the time Mr and Mrs G were told they had to wait until they got a new mortgage product before they could apply for a term reduction, and they went ahead and got that new mortgage product in November. They still had an unanswered question as to what happened with the CMP payment in November. But it seems to me that if they were prepared to proceed with a product transfer whilst the question remained unanswered, would it not also be reasonable to have proceeded with the interview for the term reduction? Indeed, would that interview not have allowed them to ask the question again to get the answer?

I also note that in Mrs G's email of complaint to Accord of 21 November 2023, she makes no mention that she is waiting to hear from Accord before she felt able to arrange an interview to make that application. The point being that it may not have been obvious to Accord that Mr and Mrs G required an answer before they felt able to proceed with the term shortening application and Mrs G didn't inform Accord in that email that she felt she couldn't proceed until the question was answered. So, it's difficult to find Accord at fault for the consequences of not answering the question if Mrs G didn't tell them what they were when she had the opportunity in that email to do so. I appreciate that the question should have been answered by Accord by letter as promised by the adviser they spoke to. But I don't agree that Accord should be responsible for any consequences of Mr and Mrs G's not proceeding with a term shortening application.

So, my view is that it's reasonable to consider this complaint as one of poor service and the failure to send out the letter promised in early November which wasn't answered until early January. Mr and Mrs G would have had a degree of worry about how their CMP in November would have been dealt with and it took several weeks to clarify. I recognise that this was an inconvenience and concern to Mr and Mrs G that lasted several weeks and the appropriate compensation for that in my view is £150.

My final decision

Accord Mortgages Limited has already made an offer to pay £150 to settle the complaint and I think this offer is fair in all the circumstances.

So, my decision is that Accord Mortgages Limited should pay £150 to Mr and Mrs G.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs G and Mr G to accept or reject my decision before 2 August 2024.

Gerard McManus
Ombudsman