

The complaint

Miss M complains about the way in which The Co-operative Bank Plc (Co-op) handled her application to switch her mortgage product and add her partner to the mortgage.

What happened

Miss M had a mortgage with Co-op that was on an interest rate product which expired on 29 February 2024. On 1 February 2024 Miss M called Co-op and explained that she wanted to take out a new interest rate product and add her partner to the mortgage. An appointment was booked with an adviser.

After the advice was given and application submitted, Miss M says she sent supporting documents and her partner's identification to Co-op on 26 February by post. She called on 28 March for an update and was told the mortgage team would call back. As Miss M hadn't received a call back or update on the application, she complained to Co-op. Co-op assessed the application on 2 April. On 9 April it issued a mortgage offer.

Miss M complained again. She was unhappy that there had been long periods of no communication or updates, and she hadn't received call backs when promised. She also complained that Co-op had lost her partner's driving licence. She wasn't happy she'd been asked to pay the product fee for the new interest rate before she was told the driving licence had been lost, and said she wouldn't have gone ahead with the application if she'd known. But she felt it was too late to cancel the application now she'd paid the product fee.

Miss M asked her solicitors to hold on completing the product switch and transfer of equity until her complaint was resolved. She was paying the standard variable rate (SVR) on the mortgage in the meantime.

Co-op wasn't able to respond to Miss M's complaint within eight weeks and so it told Miss M she could refer the complaint to our service. Miss M did so, said she wanted the product fee refunded, the additional interest she's been paying on the mortgage since it reverted to the SVR refunded, and the cost of replacing her partner's driving licence paid to her. She also wanted a significant level of compensation for the impact this matter had had on her time and mental health.

Co-op said Miss M's application had been made during a period it was changing its systems, and so call wait times were longer than usual. It said it had told Miss M in the initial calls that the process could take six to eight weeks to complete and so gave realistic timeframes upfront. It said there were no notes on its systems regarding identification being lost, but it was happy to take Miss M's word on that point and offered to cover the cost of obtaining a new driving licence. It said it wouldn't refund the product fee as this would always have been payable and given Miss M didn't contact Co-op until 1 February about this application, the mortgage would always have reverted to the SVR for a period. However, it did say it would look at refunding the fee if Miss M chose not to go ahead with the changes to the mortgage. It said after Co-op issued its mortgage offer in April, it was Miss M's decision not to complete on the changes, and so it wasn't responsible for the time Miss M's mortgage had been on the SVR. It told us it wanted to offer Miss M £150 for the distress and inconvenience caused

by the long call wait times and failure to follow up on requested call backs.

Our Investigator considered what had happened and explained that he agreed it wouldn't be fair to ask Co-op to refund the product fee Miss M paid, or the additional interest paid as a result of the mortgage being on the SVR. But he felt it should increase the compensation award to £300.

Co-op accepted the Investigator's recommendation, but Miss M didn't. She said Co-op had never previously offered the refund of the product fee and she felt trapped as a result. She said since finding out she could get that back she's applied to re-mortgage with a different lender.

As no agreement could be reached, the complaint has been passed to me to issue a 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.

Having done so, whilst I appreciate this will come as a disappointment to Miss M, I've reached the same outcome as the Investigator for broadly the same reasons.

Co-op has accepted that Miss M had to wait on the phone longer than she should have, and it didn't call her back as promised, and has apologised for this. I agree that Miss M hasn't received the level of service she might reasonably expect during this application process, but I can't say the process has been unreasonably delayed by Co-op. I've listened to the relevant calls, and am satisfied Co-op managed Miss M's expectations about how long the process was likely to take, and that her mortgage would likely spend some time on the SVR. Miss M accepted that at the time. Whilst there weren't any avoidable delays caused, I think Co-op could have communicated with Miss M during this period given she was trying to reach it for updates and never heard back. I think that caused Miss M some avoidable distress and inconvenience.

We can't know for sure what happened to Miss M's partner's driving licence. But Co-op has accepted Miss M's version of events and offered to cover the cost of a new one. Based on the information available to me, I agree it's likely that Miss M did send Co-op the driving licence and for one reason or another it wasn't logged onto Co-op's systems. I say this because Miss M has been consistent throughout about the fact the driving licence was sent in the same envelope as the other documents Co-op did receive, and she's clearly been worried about what's happened to it. So I agree Co-op should cover the cost of a replacement, and also compensate Miss M for the distress and inconvenience this caused.

Whilst I understand Miss M was having second thoughts about proceeding with this mortgage, the offer was issued in early April and so she was in a position to complete that month. Ultimately, it was Miss M's decision not to go ahead and so I'm not persuaded it would be reasonable to expect Co-op to cover the additional interest she paid as a result of her mortgage being on the SVR. As she's accepted, the mortgage would always have spent some time on the SVR, and I'm not satisfied Miss M has mitigated her losses by minimising that time when she had the opportunity to do so. I've said I don't think Co-op caused any unnecessary delays during the process. And so I can't reasonably conclude Miss M's mortgage spent longer on the SVR than it ought to have done because of anything Co-op did wrong.

Miss M has said that when she found out Co-op was prepared to refund the product fee she

had paid, she started a re-mortgage application with another lender. But I'm satisfied Miss M always had that information as it was clear in the mortgage offer that the fee was refundable should the product switch not complete. I understand Miss M's frustrations that Co-op wasn't able to answer her complaint within the regulator's timescales, but it did tell her she could refer her complaint to our service, which she did, and we then told her what Co-op had said about the product fee.

Whilst I agree it might have been helpful for Co-op to have assured Miss M when she complained that the fee would be refunded if the mortgage didn't complete, I'm satisfied she already had access to that information, and she also said she hadn't made up her mind about whether or not to go ahead and complete until she'd received the outcome of the complaint. I don't think I can fairly say that it's a result of Co-op's unfair actions that Miss M didn't apply to re-mortgage with another lender earlier.

It's not clear whether Miss M is expecting a refund of both the product fee and the transfer of equity fee she paid, but the offer makes clear only the product fee is refundable should the mortgage changes not complete. The transfer of equity fee is non-refundable so I don't think Co-op would need to refund that unless it chooses to.

Putting things right

Overall, whilst I understand Co-op has caused Miss M some distress and inconvenience over the course of this application, I'm not persuaded it's to the extent Miss M feels is the case. Having considered all the circumstances, I'm satisfied £300 is a fair amount to reflect the distress and inconvenience Co-op caused by having long call wait times and not calling Miss M back when requested, and for the worry caused by losing the driving licence. So Co-op should pay Miss M that amount.

It should also pay Miss M the cost of replacing her partner's driving licence, and should Miss M confirm she is not progressing with the mortgage application, it should also refund the product fee she paid.

My final decision

For the reasons I've explained, I uphold this complaint and instruct The C-operative Bank Plc to put things right as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss M to accept or reject my decision before 13 January 2025.

Kathryn Billings
Ombudsman