

complaint

Mr and Mrs S complain about the way that Yorkshire Building Society handled their mortgage application.

background

Mr and Mrs S held a mortgage with Yorkshire. They wanted to move home but weren't sure if Yorkshire would be able to lend them as much money as they wanted. So Mr and Mrs S told Yorkshire about their circumstances. Based on this, it approved a mortgage application in principle.

After Mr and Mrs S had found a home to buy, they continued with a formal application. But they say that Yorkshire handled this badly. Mr and Mrs S say that Yorkshire provided a poor service overall – including delays, failure to return phone calls and poor complaint handling. They also say that Yorkshire led them to believe that the application would be successful and was affordable. But it then declined the application as unaffordable, despite the information being the same as was given to it in the first place.

Mr and Mrs S want Yorkshire to refund the early repayment charge (ERC) they paid when they moved home and took a mortgage with a new lender.

I issued a provisional decision, which said, in summary:

- If Yorkshire had submitted the correct information to its underwriting department in the first place Mr and Mrs S would have known at an early stage that Yorkshire wouldn't lend them as much as they needed to buy a new home.
- Bearing in mind what Yorkshire knew about Mr and Mrs S's circumstances, it could have done more to make sure that it communicated with them in a clear and fair way. It has also at times provided a poor customer service.
- Mr and Mrs S wouldn't have proceeded with the application if Yorkshire had asked for the right information in the first place and given more accurate indication of how much it would lend. So they wouldn't have incurred the application or valuation fee.
- I wasn't persuaded that Mr and Mrs S would have chosen not to sell their property and buy their home if they had been given accurate information by Yorkshire. They hadn't exchanged contracts, so they could still have chosen to pull out of the sale and purchase when they found out Yorkshire wouldn't lend them as much as they needed. It was their decision to carry on and incur the ERC.
- It would be fair and reasonable for Yorkshire to pay Mr and Mrs S £750 to reflect the distress and inconvenience this matter has caused to them.

Mr and Mrs S responded to say that they didn't instruct a solicitor until after Yorkshire told them it could lend them as much as they needed – and they wouldn't have at that stage if they had been given the correct information.

Yorkshire didn't respond.

my findings

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint. Having done so, I don't see any reason to reach a different conclusion from my provisional decision.

If Yorkshire had passed all of the relevant information to its underwriting department it would never have told Mr and Mrs S that it would lend them as much as they needed. This meant that they went through an unnecessary application process for around two months. I can see from the information available to us that this caused Mr and Mrs S a great deal of unnecessary stress. They also suffered some disappointment when they found out they would have to pay the ERC after all.

Further, Mr and Mrs S have been put to the inconvenience of pursuing this complaint – and I don't think that Yorkshire has objectively looked at what happened. This meant that Mr and Mrs S have had to pursue their complaint to this extent.

In view of what has happened and taking into account the distress this matter has unnecessarily caused Mr and Mrs S, I think that it would be fair and reasonable for Yorkshire to pay them £750.

I consider it likely, on balance, that Mr and Mrs S would have continued with the purchase of their new home if Yorkshire had given them the correct information about how much it would lend. I say this as they hadn't exchanged contracts when they found out Yorkshire wouldn't lend them as much as they needed, but they still chose to go ahead. Therefore they would always have had to pay the ERC.

Mr and Mrs S would also have had to use a solicitor and to pay the fees. I can't fairly say that those fees should be refunded.

my final decision

My final decision is that I uphold this complaint. In full and final settlement of it Yorkshire Building Society should pay Mr and Mrs S £750 for any distress and inconvenience this matter has caused them.

Under the rules of the Financial Ombudsman Service, I am required to ask Mr and Mrs S to accept or reject my decision before 9 July 2015.

Ken Rose
ombudsman