

The complaint

Miss R is complaints about how Leeds Building Society (“Leeds”) handled her request to change her mortgage.

What happened

Miss R had a buy-to-let mortgage for a property she intended to let but her plans changed, and she decided to live in the property herself. She says she approached Leeds in or around 2017 to make changes to her mortgage. In September 2018, Miss R applied for a residential repayment mortgage with a fixed interest rate. Miss R was approved for the mortgage and asked to send in some documentation to evidence her ability to repay the mortgage.

Miss R believes she provided all the necessary paperwork in October 2018 and, when she didn’t hear anything, assumed it had all gone through. Leeds say it didn’t receive some of the paperwork it requested and wrote to her to ask for this on 30 October 2018. As it didn’t receive any further communication, it didn’t take any further action and the mortgage stayed on the more expensive buy-to-let rate.

Miss R says she went into the branch on a few occasions and was told she was still on the buy-to-let rate but was assured that this would be sorted out. Miss R was able to change her mortgage around September 2019. Leeds says it has no record of her visiting the branch before August 2018 and doesn’t believe it has made a mistake as Miss R didn’t provide the evidence it needed. But it has offered to backdate the current rate for three months as a gesture of goodwill. Miss R doesn’t agree so the complaint was brought to this service.

I issued a provisional decision on 23 November 2020 letting both parties know that I didn’t intend to uphold the complaint. In it I said:

“Miss R says she provided Leeds with the evidence it requested but I think it’s likely she overlooked some of the items that were needed – specifically bank statements. I have seen the form that was sent to the mortgage team, which had tick boxes setting out the items she had attached – Miss R had only ticked payslips. The box for bank statements is unticked and there were no bank statements attached to the list of documents that were sent over. The email from the member of staff at the branch also specifies that the items he was sending over were payslips. So while Miss R says she gave her bank statements to the branch, I’m not satisfied that’s the case based on all the evidence I’ve seen.

Miss R says she went in to branch to resolve this issue on several occasions, but I haven’t seen any evidence of that. It is clear that Miss R carries out her banking in branch, but I have also seen that Leeds keeps a record of each time any member of staff accesses an account – and there is no record of any member of staff accessing her mortgage account to see what was happening until later in 2019. So while I don’t doubt that Miss R visited the branch in this time, I’m not satisfied that she raised concerns about her mortgage account with Leeds during that time.

Having said that, it seems clear to me that Miss R made it clear to Leeds that she had a buy-to-let mortgage and was living in the property – so Leeds was aware that her mortgage

wasn't suitable for her. While I can see that it wrote to her – and it isn't Leeds' fault if the letter got lost in the post – I do think that it could have done more to ensure that Miss R had the correct type of mortgage once it became aware of her circumstances.

Leeds has already offered to refund the difference in interest for three months – the time between when Miss R's mortgage rate would have changed and when she received her first annual mortgage statement. I have considered that Leeds didn't do everything it could have to ensure Miss R had the correct type of mortgage. But I also think that Leeds had made it clear what information it needed in order to change her mortgage and it should have been clear to Miss R in February 2019 when she received her mortgage statement that her mortgage interest rate hadn't changed. So taking all of this into account, I think the offer made by Leeds is a fair and reasonable offer which reflects the impact of its error."

Leeds didn't respond to my provisional decision and Miss R didn't agree with my provisional decision. In short, she said that she believes she submitted bank statements and that Leeds has previously told her it received some of these – so she believes the error was made by Leeds in copying them. And Miss R also said she went into branch to query her mortgage on three occasions where she was taken into a separate room to discuss her concerns with another department over the telephone.

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 considered the points Miss R has raised, I am still of this opinion that Leeds has done enough in regards to her complaint.

Miss R says she definitely provided her bank statements and that Leeds has previously confirmed it received some of this – but I haven't seen any evidence of this. Lloyds asked for one bank statement covering a 90-day period and the only documentation on record is a payslip. There isn't any evidence that part of a statement was submitted. And if the document had been double sided as Miss R suggests, then I would have expected some of the pages of the statement to be included. But that isn't the case here, rather the entire bank statement is missing from the information provided. So from the evidence I have, I think it's likely that she didn't provide it with that information and only provided it with her payslips.

Miss R has also said that she went to branch on three separate occasions and that she was told the branch couldn't help and therefore she was taken into a separate room and asked to call the mortgage department while a member of staff was present. But, even ignoring that there are no records of this, it doesn't change my opinion. I say that because I have already agreed that Leeds should have done more to change her mortgage to a residential mortgage sooner than it did as it was made aware that she wasn't letting out the property. But I also have to consider that it was waiting for a bank statement from Miss R for some of this time.

I know this will come as a disappointment to Miss R and that she remains unhappy with Leeds' actions – and I agree with her that Leeds could have done more to change the type of mortgage she held to a residential one when it became aware of her situation. But, from the evidence I have seen, I also think it's likely that Miss R overlooked some of the documents that Leeds requested and didn't provide it with bank statements – so based on that, I think it's offer to refund three months interest is fair and reasonable in the circumstances of this complaint so I won't be asking Leeds to do anything further here.

My final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss R to accept or reject my decision before 12 February 2021.

Sara Falzon
Ombudsman