

The complaint

Ms K and Mr M complain about delays when the re-mortgaged with The Co-operative Bank Plc trading as Platform. They ask for compensation for the additional interest they paid.

What happened

Ms K and Mr M's re-mortgage was due to complete on 1 April 2020. Completion was delayed until 16 April. Mr M says Platform didn't tell them the mortgage wouldn't complete on time. He says their previous lender applied its standard variable rate (SVR) during the delay and this meant they paid additional interest of about £250.

Our investigator said delays were caused by the national lockdown during the Covid-19 pandemic. She said it wasn't fair to require Platform to pay Mr M and Ms K's additional interest. She said Platform did what it could and acted within a reasonable timescale in the exceptional circumstances at that time. Our investigator said while Platform could have told Mr M and Ms K about the delays sooner it was unlikely this would have changed what happened.

Ms K and Mr M didn't agree. Mr M said Platform had enough time to explain the mortgage wouldn't complete on time. He says if he'd known he'd have been able to take out a product with his previous lender, at a slightly higher interest rate.

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.

Ms K and Mr M applied to re-mortgage with Platform. The solicitors issued a certificate of title on 23 March, with a completion date of 1 April 2020. Ms K and Mr M asked to reduce the amount they were borrowing. A new mortgage offer was issued on 26 March 2020.

On 23 March 2020 the UK Government announced a national lockdown in response to the Covid-19 pandemic, which came into force on 26 March 2020. The registers office in Scotland suspended property registrations on 24 March 2020. This meant Mr M and Ms K's mortgage couldn't complete on 1 April as planned. The registers office re-opened on 3 April 2020, a Friday. However, due to the lockdown and staff working remotely there were changes to how it dealt with registrations.

The solicitors sent a new certificate of title on 8 April with a new completion date of 16 April 2020.

Completion of Mr M and Ms K's re-mortgage was delayed due to circumstances outside their control. They say their previous lender applied its SVR during the delay and I can understand their frustration about this. If the delay and additional costs were due to errors by Platform, I might find it fair to require it to pay compensation. But I don't think that's the case.

I have to take the exceptional circumstances into account here. The national lockdown meant not just the registers office, but also Platform and its solicitors had to put in place measures for their staff to work differently, and for processes to be wholly electronic. In the circumstances, I think Platform acted within a reasonable timescale to get the mortgage to completion.

Mr M says Platform should have contacted them when it knew completion would be delayed, and ideally it would have done so. But Platform would have only been able to provide limited information in late March. It wouldn't have known immediately what effect the lockdown would have on its ability to deliver services to individual customers. By late March it knew it couldn't complete Mr M and Ms K's mortgage on 1 April, while the registers office was closed. It could have told Mr M and Ms K completion would be delayed – but wouldn't have been able to say for how long.

Mr M says his broker told him that Platform had said the mortgage was on track. It's not clear when this discussion took place – Platform wouldn't have known completion would be delayed until it found out the registers office had closed, which was only a few days before completion.

Mr M says if they'd known about the delay they'd have been able to take out a new product with their existing lender and avoided or minimised the time spent on their lender's SVR. I can't know if they'd have done this. But I can see that the uncertainty at that time might have made staying with their previous lender more attractive.

I don't know though that Mr M and Ms K would have been better off overall if they'd stayed with their lender. I asked them for more information and evidence of the amount of additional interest they paid while on their previous lender's SVR and the product they would have taken out with their previous lender. Mr M says he didn't get as far as a product offer, and he can't recall or provide anything more than he'd already provided. That is, that being on the SVR cost them about £250 in additional interest. And the product offered by his previous lender had a slightly higher interest rate.

I understand it's difficult for Mr M and Ms K to provide more evidence at this point. I should explain that where the evidence is incomplete, inconclusive or contradictory, I reach my decision on the balance of probabilities – in other words, what I consider is most likely to have happened in light of the available evidence and the wider circumstances.

Mr M and Ms K were, presumably, saving enough money by re-mortgaging to make going to the trouble of doing so worthwhile. This doesn't just depend on the interest rate, but also any product fees and other costs. Mr M and Ms K had already incurred costs related to the re-mortgage. And Platform offered £250 cashback. While Mr M says the £250 cashback was "eaten up" by the additional interest, they still benefitted from the lower interest rate offered by Platform. Based on the limited evidence available to me, I think it's likely they are better off overall by re-mortgaging, despite the delay.

I've considered whether it would be fair to require Platform to pay compensation to Mr M and Ms K for any upset and worry caused by not being told what was happening in late March/early April, about the delay. But from what they say, they weren't aware of the delay until the solicitor contacted them with the new completion date. So by the time they knew there was a problem, they'd also been given clear information about what was happening.

The delay to Mr M and Ms K's re-mortgage completing wasn't due to any error by Platform. I think it took reasonable steps to complete within a reasonable timescale, given the unusual circumstance at the time. While it would have been better service to have told Mr M and Ms K about the delay in late March, Platform could only have given them limited information.

I don't know if Mr M and Ms K would have stayed with their previous lender if it had, and I think it's unlikely they'd be better off overall if they had stayed with their previous lender. In the circumstances, I don't think it's fair and reasonable to require Platform to pay compensation to Mr M and Ms K for the delay in their re-mortgage completing.

My final decision

My decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms F and Mr M to accept or reject my decision before 7 October 2021.

Ruth Stevenson
Ombudsman