

## The complaint

Mr and Mrs F complain about the way in which Metro Bank PLC dealt with their application to port their mortgage to a new property. They want Metro Bank to pay their costs in relation to the application process and refund the early repayment charge (ERC) that they paid.

## What happened

Mr and Mrs F had a buy-to-let mortgage with Metro Bank. They redeemed the mortgage on 23 March 2021, and incurred an ERC as they were still within the fixed product period.

Under the terms of the mortgage they had 90 days from the date of redemption to port the mortgage. This gave them until 21 June 2021.

Mr F contacted Metro Bank about the porting process on 27 May 2021. He wasn't happy with the service he received and asked his broker to take matters forward. But the broker needed to re-register with Metro Bank in order to do this.

Once the re-registration was complete the broker started the application process on the system on 2 June. And he emailed the post contract variation team on 3 June. Unfortunately, some of the necessary information was outstanding and this was provided on 4 June. After this information had been reviewed by Metro Bank it then told the broker that there wouldn't be time to process the application within the 90 day window.

Mr F's broker went on to submit a new mortgage application on 14 June 2021 but this was rejected by Metro Bank on the basis that the application didn't meet its lending criteria.

Mr and Mrs F complained to Metro Bank. But Metro Bank didn't uphold their complaint. It said, in summary, that although the level of service which was provided during the process could have been better, it was unable to uphold the complaint and refund the ERC charge as the proposed scenario would not have been acceptable to it irrespective of the extremely short timescale to complete the purchase transaction.

Our investigator didn't think that Metro Bank needed to take any further action. He said, in summary:

- A business is entitled to decide its own lending criteria. So he didn't think that Metro Bank had done anything wrong by declining the application on the basis that the property didn't meet its criteria;
- He appreciated that Mr F had explained that had he known sooner he would have arranged for the mortgage to be ported to another property instead. But he couldn't see that Metro Bank were aware of the details until 14 June 2021, and by that point it was already too late to be able to port the mortgage to another property.

Mr and Mrs F don't agree with our investigator's view. They say that they should have been provided with information about Metro Bank's lending criteria when Mr F first contacted it about porting, and would then have been able to port the mortgage onto one of their other properties.

## **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.

Mr and Mrs F have raised a number of issues. I've considered everything they have to say but have concentrated my decision on those issues which I find to be central to their complaint.

Having carefully considered all the evidence and arguments I've not been persuaded to uphold this complaint. I realise that this will be a disappointment to Mr and Mrs F so I'll explain why I've reached this decision.

I've seen a copy of the mortgage product switch offer issued to Mr and Mrs F in December 2018. This provides, at clause 10, that an ERC applies in the first five years of the mortgage. And it goes on to say:

### ***“What happens if you move house?”***

*If you move house you may be able to transfer the amount outstanding on your mortgage to another property provided you still meet our lending criteria at the time of application for the new mortgage.*

*Fees may be charged when you transfer your mortgage. If you transfer your mortgage within the period when Early Repayment Charges are applied, you may not have to pay the Early Repayment Charges if the purchase of the new property completes within 30 days of the discharge of this mortgage and the new mortgage is for an amount equal to or more than this mortgage. For full details of terms and conditions please see section 18 of the Mortgage Conditions headed “Transferring your Loan to another property”.*

I've also seen a copy of the latest Mortgage Conditions. These extend the term to complete the purchase of the new property to 90 days. And they reaffirm that the new mortgage will be subject to Metro Bank's normal lending criteria at the time.

When Metro Bank considered Mr and Mrs F's application it was identified that it didn't fit Metro Bank's lending criteria due to the level of rent. I appreciate that Mr F says that this means that Metro Bank's lending criteria had changed since they took out the previous mortgage but, as set out above, the product switch offer and mortgage conditions made it clear that the new mortgage would be subject to Metro Bank's normal lending criteria at the time of the port.

As our investigator has explained, Metro Bank is entitled to set its own lending criteria. And I'm not persuaded that it made an error when it applied its criteria in this case.

I understand that Mr F is dissatisfied with the service he received when he called Metro Bank. He has explained that this is why he asked his broker to deal with the application. And Metro Bank has accepted that the level of service it provided could have been better. But I'm not persuaded that the level of service affected the outcome of Mr F's application. I say this as, even if Mr F had been informed sooner that the new property did not satisfy the lending criteria, this would have been too close to the 90 days deadline for him realistically to find another property.

I note that Mr and Mrs F say that they could have ported the mortgage to another property that they already owned if they had been told about the lending criteria sooner. But, although I've considered what they have to say I don't agree. The mortgage conditions make it clear

that the port must be to a new property, and Metro Bank has confirmed it would not have agreed to port the mortgage to an existing property. So this does not change my decision.

### **My final decision**

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr F and Mrs F to accept or reject my decision before 25 April 2022.

Alison Cribbs  
**Ombudsman**