

The complaint

Mr and Mrs M complain about delays, poor service and misinformation when they tried to port their mortgage with The Co-operative Bank Plc trading as Platform. Mr M has dealt with the complaint. He asks that Platform refunds the early repayment charge (ERC).

What happened

Mr and Mrs M had a mortgage with Platform. They wanted to move house and contacted Platform in October 2020 about porting their mortgage. Mr M says they were initially told their application would take six to eight weeks. They were then told it would take 12 weeks. They say they were told no ERC would be charged and on this basis they applied elsewhere. However, when they repaid their mortgage Platform applied an ERC. Mr M says their complaints about Platform are:

- its 12-week application processing time was too long
- numerous call backs were promised and not made
- it didn't add their solicitor to its panel
- it didn't refund the ERC, despite saying none was payable
- it didn't respond to their complaint within eight weeks

Our investigator said Platform's timescales weren't unreasonable in the circumstances. He said it was entitled to apply the ERC, which it confirmed on a call, and to decide whether to add a solicitor to its panel. But its service could have been better. The investigator said Platform should pay £125 compensation.

Mr and Mrs M didn't agree. Mr M said Platform provided written confirmation that no ERC was payable. He said while he was told during calls that an ERC was payable, given the number of errors Platform had made he preferred to rely on the written confirmation. Mr M said they'd have stayed with Platform if they'd been given correct information as they couldn't afford the £7,000 ERC. They had to increase the amount they borrowed to cover it.

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.

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 and Mrs M took out a fixed interest rate product in 2019. This included an ERC which was payable if the mortgage was repaid before February 2022. Mr and Mrs M agreed to this when they took out the product.

Mr and Mrs M repaid the mortgage during the product term and Platform applied the ERC, as it was entitled to do under the mortgage terms and conditions. Mr M says it's unfair for Platform to apply the ERC. He says it told him that no ERC was payable. He says by the time the error was corrected he'd cancelled his porting application. Mr M says Platform's timescales put his sale and purchase chain at risk.

Did Platform mislead Mr and Mrs M about the ERC?

Mr M raised a complaint with Platform on 30 November 2020. In mid-December 2020 Mr M asked Platform's complaint handler for confirmation his mortgage would complete by 6 January 2021. He said he could get a mortgage in place with another lender, which was an absolute fallback if his fears that Platform couldn't get the mortgage in place by 6 January 2021 were realised. He asked Platform to agree not to charge an ERC if this happened.

Platform responded by email on 16 December 2020. It said, "*as explained in your mortgage offer, since 1 May 2019 you have not had to pay an early redemption charge*". Mr M replied to this email the same day saying he'd called that day and been told an ERC was payable. However, he said he intended to proceed on the basis that the email from the complaints team was confirmation that Platform wouldn't charge the ERC.

Mr M hasn't said that he wasn't told about the ERC. In fact, he says that he was. However, he says due to other errors he says were made by Platform, he decided to rely on the written confirmation in the 16 December 2020 email that there was no ERC.

I think Mr and Mrs M were aware that the ERC was payable. They'd been told about it in the mortgage offer. And Mr M was told about it when he called Platform. Mr M's email to the complaints team didn't ask whether there was an ERC. He asked Platform to agree not to apply it.

Mr M says he cancelled the application after receiving the email on 16 December 2020 and before being told the email was incorrect. I think though that Mr and Mrs M ought reasonably to have known that this was an error. This is because the email referred to the mortgage offer and said no ERC had been payable since May 2019. I think Mr and Mrs M knew they'd taken out a new product from May 2019 and that this included an ERC. And Platform gave Mr M correct information about the ERC when he called, including on the same day that he received the email.

I've listened to Platform's call with Mr M on 22 December 2020 when he said he wanted to cancel the application. Mr M told the call handler the complaints team had said there would be no ERC if he went elsewhere. Platform queried this and asked Mr M to provide a copy of the email. It put Mr M on hold while it checked with the complaints team, who couldn't confirm saying this. Platform said the valuation fee could be refunded as the valuation hadn't been carried out. But it couldn't confirm that it wouldn't charge the ERC and porting fee. It said this would have to wait for the complaints team to finish their investigation. Mr M asked for a redemption statement. He cancelled the porting application.

It was of course for Mr and Mrs M to decide whether to cancel the application. But if they did so in reliance on the 16 December 2020 email being right about there being no ERC, I don't think Platform is responsible for this. I think, despite the error, Platform gave Mr and Mrs M sufficiently clear information for them to be aware of the ERC when they decided to cancel the porting application. I don't think it's fair and reasonable in the circumstances to require Platform to refund the ERC on the basis Mr and Mrs M were misled about whether an ERC was payable.

The application timescale

Platform said in its final response letter that it hadn't been able to provide updates to Mr and Mrs M as often as it would like due to increased volumes of applications and reduced staffing levels at that time. This also meant that its usual timescale for processing applications increased to 10 to 12 weeks. This period starts when a customer makes an application and pays the application fee. Mr M was told about this timescale on 2 November 2020, when he paid the application fee and the valuation fee. Platform confirmed on that call that it had received their application on 29 October 2020.

I can appreciate how frustrating this must have been. But I must take into account the circumstances at the time. There was a high level of activity in the housing market, in part due to the stamp duty holiday brought in by the UK government. And this was during the first year of the Covid-19 pandemic, when businesses and their staff had to work differently.

Mr M told Platform on 30 November 2020 they wanted to complete in two weeks. In mid-December 2020 he asked for confirmation his application would be processed by 6 January 2021. This was less than 10 weeks from the start of the application process. While Platform offered to expedite Mr and Mrs M's application, it couldn't confirm it would be completed by 6 January 2021.

Mr and Mrs M had to make a difficult choice. They could avoid paying the ERC by continuing with their porting application but couldn't be certain they'd have a mortgage offer in place by 6 January 2021. Or they could take out a mortgage with a different lender and pay the ERC. I can understand their frustration about this. But Platform had made them aware of its timescales and the ERC. I don't think it's fair and reasonable in the circumstances to require Platform to refund the ERC on the basis its application timescales were too long.

Adding the solicitor to the panel

Platform told Mr and Mrs M that it had declined to add their solicitor to its panel in mid-December 2020. It had already contacted the solicitor to say the application was declined and the reason why. Platform said if the solicitors couldn't rectify the reason for the decline, Mr and Mrs M would need to appoint different solicitors. I think Platform is entitled to decide what criteria solicitors need to meet to be on its panel. While Mr and Mrs M wanted to use their preferred solicitor, I don't think I can fairly find that Platform made an error when it declined to add their solicitor to its panel.

Mr M says Platform caused delays in assessing whether the solicitor could be added to its panel. Platform says it didn't receive the paperwork from the solicitor. Either way, I don't think this affected the outcome of Mr and Mrs M's porting application, which they decided to cancel.

Poor service and communication

Platform accepts that, due to circumstances in late 2020, it didn't update Mr and Mrs M as often as it would have liked. Mr M says Platform didn't call when promised. Platform agreed to pay £125 compensation (in addition to the £25 it has already paid) for the upset this caused. I think this is fair and reasonable in the circumstances.

Mr M raised a complaint on 30 November 2020, which Platform's complaints team responded to. Platform sent a final response letter dated 28 January 2021. This was a few days more than eight weeks.

I should say that as complaint handling isn't itself a regulated activity, it's not something we can always look into. I can look into Mr M's concerns about how Platform dealt with his complaint if this caused delays or problems in sorting out the underlying problem. The

underlying issues here were the application timescales, lack of updates, being given incorrect information about the ERC and their solicitor not being on Platform's panel. While Platform didn't respond within eight weeks, I don't think this affected how matters turned out – especially as Mr and Mrs M had decided to apply elsewhere before the eight weeks expired.

Platform did make an error in the 16 December 2020 email, suggesting no ERC was payable. Platform paid £25 for this. Given that Platform gave Mr M correct information, including on the same day as the email, I think this is fair and reasonable in the circumstances.

My final decision

My decision is that The Co-operative Bank Plc should pay £125 to Mr and Mrs M.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs M and Mr M to accept or reject my decision before 7 April 2022.

Ruth Stevenson
Ombudsman