

## **The complaint**

Mr C complains that One Savings Bank Plc trading at Kent Reliance caused delays in releasing funds that were locked in a savings account. Mr C said he could have used this money to pay off most of the arrears on the mortgage. He would like the additional interest incurred to be refunded to him.

Mr C also complains that he had to send additional paperwork to Kent Reliance on numerous occasions which caused him further inconvenience. He doesn't feel the £100 offered by Kent Reliance is sufficient.

## **What happened**

Mr C took out a buy to let (BTL) mortgage in September 2019. The mortgage was for £1,804,116 over a term of 25 years on an interest only basis.

There was a special condition applied to the mortgage which meant that Kent Reliance would hold back £34,188 from the completion funds which would be placed into a savings account that Mr C wouldn't be able to access. Kent Reliance said this was something the underwriter required because of the low income that Mr C had, and Kent Reliance wanted evidence that Mr C could cover potential rental voids because he didn't have any savings at the time.

Mr C had a coronavirus payment deferral from 31 March to 31 August 2020. He then contacted Kent Reliance on 14 October 2020 and requested a further payment deferral. Mr C explained he had two other properties that he was renovating and was able to do this through bounce back loans but couldn't afford to cover the mortgage as it would leave him without any cash. Mr C said he had limited cashflow as a result of the pandemic but said he wanted to carry out the renovations before letting the properties out. Mr C said he could also sell these properties.

Kent Reliance explained they had already granted Mr C with a six-month payment deferral and they would need an income and expenditure (I&E) completed along with three months' worth of bank statements in order to consider further forbearance.

Mr C responded on 21 October 2020 with the information required and explained to Kent Reliance that he wouldn't be able to make any mortgage payments until at least February 2021. It's at this point that he mentioned the savings account where he had £34,188 held that he didn't have access to. Mr C said he would have enough to cover up to six months mortgage payments so wanted access to the funds.

Kent Reliance didn't acknowledge the documents that Mr C had sent and asked for the bank statements and I&E to be sent again in November 2020. Kent Reliance then spoke with Mr C in January 2021 regarding the arrears on the mortgage and Mr C mentioned the savings account again. Kent Reliance again asked Mr C for the same documents to be sent that he had already submitted to them in October 2020. Kent Reliance eventually granted a further payment deferral from March to May 2021 to give Mr C time to sell the properties.

Mr C is unhappy because he said that Kent Reliance should have allowed him to access the funds in his savings account much sooner than they did as this would have helped clear some of the arrears. He was also unhappy with how things were dealt with as he had to send in further documentation to Kent Reliance which he had already sent.

Kent Reliance responded to Mr C and explained that there had been some delay in how they dealt with things and acknowledged it caused him distress and inconvenience, so they offered Mr C £100. But Kent Reliance said that the £34,188 that was held in a savings account was held there as a condition of the original mortgage which is why it couldn't have been used. They did however agree to release this money from the time that Mr C requested it on 21 October 2020 and agreed to a refund of charges and interest from this date.

Mr C remained unhappy, so he brought the complaint to our service where it was looked at by one of our investigators who didn't think that Kent Reliance had acted fairly. He thought that Mr C made it clear from October 2020 that he was unable to make his mortgage payments so they should have released the money held in the savings account at that point. He thought that Kent Reliance should pay Mr C a further £300 – so a total of £400 for the distress and inconvenience caused. The investigator however did point out that the funds of £34,188 were held as a condition of the mortgage and was satisfied by backdating the interest from the time that Mr C asked for it – was fair.

Mr C didn't agree. He said Kent Reliance held back £34,188 from September 2019 and that during this time he was being charged interest on this money which he wants reimbursed. Mr C said it wasn't fair that this money was placed in a low interest savings account that he didn't have access to when it could have been retained as a credit on the mortgage.

As Mr C disagreed, he asked for the complaint to be reviewed by an ombudsman, so it has been passed to me to decide.

### **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 C has raised concerns about £34,188 that was held in a savings account to which he had no access to. He thinks it's unfair that he has been charged interest on this money and believes Kent Reliance should have kept this money as a credit in the mortgage account instead of charging him interest on something he couldn't use. While I accept the point that Mr C is making, I don't think Kent Reliance have acted unfairly with regards to this point.

I have looked at the mortgage offer from September 2019, when Mr C took out this mortgage. There is a special condition attached to the offer that states:

*'£34,188 of the advance monies will be deducted on completion and placed on deposit in the applicants Kent Reliance Savings account. These monies will be held on deposit with no withdrawals for the duration of this mortgage'.*

This condition was part of the offer that Mr C agreed to at the time. The information provided to us by Kent Reliance shows that the underwriters who approved the mortgage, did so on the basis that this condition was present. The underwriters had concerns over the amount of money that Mr C was borrowing and the fact that he had low income at the time without any savings. They were aware that this purchase was made as a BTL and they wanted some evidence that Mr C would be able to make his monthly payments should he not be able to rent the property out and make the payments himself.

While I appreciate the arguments that Mr C is making around this, this was a condition of the mortgage at the time and had he not accepted this, the mortgage wouldn't have been granted. Kent Reliance made the decision at the time to grant the mortgage in this way and Mr C didn't object to it because he wanted to take out the mortgage. So I can't say that Kent Reliance have acted unfairly here.

I can see that Mr C queried this money when he contacted Kent Reliance on 21 October 2020. Kent Reliance didn't act on this at the time and confirmed it was a condition of the mortgage that the money wasn't to be used. But after Mr C mentioned this again in January 2021, after arrears were accruing on the mortgage, Kent Reliance made enquires with the

underwriters and agreed to release this money and allow Mr C to use it because he was having difficulties making his mortgage payments. This after all, what the intention of that money and the reason why it was held in the first place.

Kent Reliance backdated this to 21 October 2020 which is when Mr C had originally mentioned these funds and Kent Reliance also adjusted any interest paid from this date along with a refund of charges incurred from this date too. I am satisfied that Kent Reliance have done what I would have expected them to do in this situation.

I understand from Mr C that he doesn't agree that Kent Reliance should have charged any interest on this money since September 2019, but as I've already mentioned, this was a condition of the mortgage so I won't be asking Kent Reliance to backdate this any further.

It's evident from looking at the information that has been provided that Kent Reliance could have dealt with things quicker than they did. When Mr C originally asked for support after being refused a further payment deferral, Kent Reliance asked Mr C to complete an I&E and provide three months' worth of bank statements. For whatever reason, Kent Reliance didn't acknowledge this when Mr C sent the documents through and asked for this information again in November 2020 and again in January 2021.

I think that Mr C made it very clear from October 2020 that he was unable to make his mortgage payments and it was at this point that he mentioned the savings account. Kent Reliance should have made further enquiries about the savings account and asked Mr C further questions surrounding his proposal to clear the arrears on the mortgage. There isn't any dispute that this happened, and Kent Reliance have acknowledged this and offered Mr C £100 for the delays and the inconvenience caused.

I agree with the investigator that this doesn't go far enough and think that Kent Reliance should pay Mr C a further £300 for the distress and inconvenience caused. This was a difficult time for Mr C and the pandemic had affected him. Arrangements could have been made sooner to help Mr C and I'm pleased that Kent Reliance agreed to a further payment deferral from March to May 2021. It would have been very stressful for Mr C not knowing how he was going to make his monthly payments, and this has caused him additional stress at what was already a difficult time for him. I think £400 compensation in total is fair and reasonable to acknowledge this.

I appreciate that Mr C will be disappointed with my decision, but I won't be asking Kent Reliance to do anything further.

### **My final decision**

For the reasons given above, I uphold this complaint and direct One Savings Bank Plc to pay Mr C a further £300 for the distress and inconvenience caused, taking the total payment to £400.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 9 June 2022.

Maria Drury  
**Ombudsman**

