

## **The complaint**

Mr R complains that The Co-operative Bank Plc trading as Platform didn't tell him, when he discussed a new rate for his existing lending, that he couldn't take out some new lending that he wanted on his mortgage, because he was almost at the end of the mortgage term.

## **What happened**

Mr R contacted Platform in early 2021 to discuss a new rate for his existing mortgage lending, and some additional borrowing. At the time, he had a little over three years left on his mortgage. Platform asked then whether Mr R wanted to apply for both the new rate on his existing lending, and the new lending, at the same time. Mr R said he only wanted to apply for the existing lending at that time, and he'd look at the new lending later on. Mr R then fixed his mortgage for a further two years, at 1.44%.

Near the end of 2021, Mr R contacted Platform again, to discuss the additional lending. Mr R then had a little less than three years left on his mortgage. But Platform said that it wouldn't offer him any extra lending. Its minimum lending term was five years, so it wouldn't lend Mr R any extra money unless he extended the term of his mortgage.

Mr R didn't want to extend his mortgage term. And he said Platform should have told him about this problem at the start of the year, when he changed his existing lending. Mr R wanted Platform to give him the extra lending, to put things right.

Platform thought about that. It said it wouldn't lend Mr R the extra money. That went against its lending policy. And Platform said it didn't think it had given Mr R any wrong advice. It said it had always told Mr R that any extra lending would be subject to its lending criteria. But Platform recognised that it would have been helpful if Mr R had been told at the start of the year about the requirement for a five-year term for any new lending.

Mr R had entered into a two-year fixed rate deal then, and his mortgage was subject to an early redemption charge ("ERC") payable if he moved his lending elsewhere during those two years. Platform said it would waive that charge, if Mr R wanted to move his mortgage elsewhere now, so he could get the extra lending he wanted.

Mr R said that moving his mortgage would involve higher interest rates and additional costs. He did then move his mortgage, he's told us that he paid some redemption charges, and he's paying 1.54% interest instead of 1.44% now.

Our investigator didn't think this complaint should be upheld. He said that our service doesn't tell lenders what their criteria for lending should be. He'd checked, and Platform had followed its criteria correctly.

Our investigator said Mr R had told us he would have moved to another lender in early 2021, if he'd known he couldn't get the extra lending he wanted with Platform. But our investigator didn't accept that. And he said Platform had now agreed to waive the ERC. He thought that was a fair way to resolve this case.

Mr R said he was very unhappy, and he repeated that he would have moved his mortgage elsewhere at the time if he'd been told he couldn't get any extra borrowing. He said that would have saved him money, because there were low mortgage rates available in early 2021. He said he had since moved, because he felt Platform had lied to him, and he'd be better off elsewhere.

Mr R said he could have got a rate of 0.99% at the time that he fixed his mortgage with Platform. He only stayed with Platform because it said he wouldn't need to pay fees and other charges for moving to another bank.

Our investigator didn't change his mind. He said Mr R was free to move his mortgage in early 2021 if he could have got a better rate elsewhere. And we couldn't reassess this complaint now, to say that Mr R was paying more interest than he needed to, unless Mr R could show us that he could have obtained a better rate in early 2021.

Mr R said he had been forced to pay fees to move his mortgage. He didn't think he'd been treated fairly. He said he'd written to Platform, and it had sent him a threatening letter. He showed us a letter from Platform, which appears to have been written in response to Mr R's threat of legal action over being asked to pay fees to move his mortgage. This letter says that Platform only offered to waive the ERC, not all the fees that Mr R would have to pay if he moved his borrowing. So it said that he still had to pay a £50 mortgage exit fee and a £50 title management fee. And Platform said that if Mr R took legal action over these fees (which Platform said Mr R would always have had to pay) then Platform would seek to recover its costs from him.

Mr R wanted his complaint to be considered by an ombudsman, so the case was then passed to me for a final decision. I then reached my provisional decision on this case.

### **My provisional decision**

I issued a provisional decision on this complaint and explained why I did propose to uphold it. This is what I said then:

When Platform wrote to Mr R about his complaint, it accepted that Mr R had discussed his additional lending during the formal mortgage advice appointment Platform had with him in early 2021. Mr R asked then if he would be able to borrow more money in future. Platform said that Mr R was told yes, but this would be subject to any application meeting its lending criteria at the time. So it said it hadn't given Mr R any wrong advice.

I think it was already clear at this time that Mr R, who had just over three years left to run on his mortgage, would not meet the lending criteria that Platform had in place, without a substantial change to his lending (almost doubling the remaining term). So I think it was unhelpful not to point this out to Mr R, early in 2021.

Mr R said that if Platform had told him this at the time, he would have moved his mortgage in early 2021. Mr R clearly already knew he wanted some extra lending, and he did ask for this later in the year. So I think it's likely that if Mr R had been told he couldn't get this extra lending with Platform (at least, not without almost doubling the term of his mortgage) he wouldn't have taken out a new, two year fixed term agreement for his existing lending with Platform in early 2021. I think it's more likely that he would have looked elsewhere for his lending at that time.

Mr R said he wanted Platform to offer him the extra lending now. But, like our investigator, I don't think that Platform is required to lend outside of its own criteria, to provide a fair and reasonable outcome to this complaint. That's because I don't think

that what went wrong here is that Platform applied its lending criteria in late 2021, and decided not to lend Mr R more money. I think that what went wrong here, is that Platform should've told Mr R in early 2021 that this was always likely to happen. And it didn't.

So I think I should look at what might be different, if Mr R had been told in early 2021 that he couldn't have this extra lending.

Because Mr R had agreed a new, two year fix for his existing lending in early 2021, he had also agreed to pay an early redemption charge ("ERC") if he moved his lending in the two years following May 2021. I don't think he'd have agreed to that if he'd realized he couldn't get his extra lending with Platform.

But Platform has waived this charge. So I think Platform has put this bit right.

Mr R also said Platform didn't waive all the charges for moving his mortgage. But I don't think it had to do that. Mr R would always have had to pay some charges for moving his mortgage, even if he'd been told in early 2021 that Platform wouldn't offer him extra lending. I don't think Platform has to waive those charges.

Lastly, Mr R told us that he was paying much more for his mortgage now, and he could've got a better deal if he'd moved in early 2021. But we have no evidence to support what Mr R says about this. And without it, I can't assume Mr R would have got a better deal on his existing and new lending in early 2021 than he could then have got in late 2021.

Mr R can send us evidence of this if he would like. In case he wants to do that, I'll set out briefly here what might be helpful (and I'd encourage Mr R to ask us about this if he's not clear).

Mr R's existing mortgage deal ran until 1 May 2021. So he could have moved his mortgage after this, without paying an ERC.

I don't know when Mr R did move his mortgage, but Platform confirmed it would waive the ERC on his existing mortgage in a letter dated 7 December 2021. So I think the evidence I would need to see is something to compare the rates Mr R could have got after 1 May 2021, to the rate available after 7 December 2021.

Mr R will also need to show us that these rates were actually available to him in May 2021, not just that these rates were advertised then. I understand that will be difficult, as Mr R may not have sought other mortgage offers at that time. He didn't think he had to. But Mr R may be able to compare the rates available from his new lender in May 2021, to the rates which were available in late 2021.

Without this additional evidence, I won't be able to assume Mr R is paying more for his mortgage now, than he could have paid if he'd remortgaged in May 2021. So without that, I can't include this in my award.

But whether or not Mr R is able to show us that his mortgage is costing him more now, I still think that he's been put to some trouble by what went wrong here. He's had to go through the process of fixing his old mortgage lending, then had to apply again elsewhere, to move the mortgage. And he says he's lost faith in Platform, because he thinks it lied to him. So I think that Platform should pay Mr R £100 in compensation, to make up for the trouble and upset that it has caused.

I invited the parties to make any final points, if they wanted, before issuing my final decision. Both sides replied.

### **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.

Platform said it didn't wish to challenge my provisional decision, and it would pay the amount I had suggested. Mr R said he didn't have any further information to submit.

Neither party has offered any further evidence or argument in response to my provisional decision, and I haven't changed my mind. I'll now make the decision I originally proposed.

### **My final decision**

My final decision is that The Co-operative Bank Plc trading as Platform must pay Mr R £100 in compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 22 September 2022.

Esther Absalom-Gough  
**Ombudsman**