

The complaint

Mrs P and Mr P complain about the way Metro Bank PLC handled their application to port their mortgage and the early repayment charge they paid when they redeemed the mortgage.

What happened

In 2018 Mrs P and Mr P took out a five-year interest only mortgage with Metro Bank PLC of around £155,000 which was secured over their residential property. They planned to repay the mortgage by selling the property. They had a fixed interest rate product for the five-year term. And they had to pay an early repayment charge (ERC) if they paid the mortgage back within that period.

In 2020 Mrs P and Mr P decided to move house. They applied, through a broker, to port their mortgage. Due to the time things took, they were worried they'd lose their sale and purchase. So, they decided to redeem the mortgage and use their own funds to buy their new house instead.

Mrs P and Mr P felt they'd had no option but to go ahead due to delays Metro had caused. They were unhappy Metro hadn't communicated effectively with their broker. And they felt Metro had required too much financial information before coming to a decision about porting. To put things right they thought Metro should reimburse the ERC of around £2,480 they became liable to pay and pay them compensation.

Metro disagreed. They acknowledged there had been some difficulties for brokers in accessing their portal at one point. And even though they didn't think that had impacted Mrs P and Mr P's broker, they offered them £100 as a gesture of goodwill. But they didn't accept their requests for information had been unreasonable or that they'd caused delay. Since Mrs P and Mr P were unhappy with Metro's response, they brought their complaint to the Financial Ombudsman.

Our investigator didn't think Metro had treated Mrs P and Mr P unfairly. He thought the time Metro took was reasonable, particularly given the impact of the coronavirus pandemic on their business. He didn't think the information Metro had asked for was unreasonable. And he didn't think Mrs P and Mr P had lost out financially - by paying their mortgage off early, they'd saved around £3,000 in interest. Since Mrs P and Mr P didn't agree, their complaint's 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.

I understand Mrs P and Mr P's disappointment that they weren't able to port their mortgage and incurred an ERC. I acknowledge their strength of feeling about their complaint. And I appreciate they weren't able to use their own funds to adapt their new property to accommodate a family member as they'd hoped. But, having considered everything

carefully, I don't think Metro treated them unfairly or unreasonably. I'll explain why. I may not mention in my decision everything the parties have told us. No discourtesy is intended by that. It simply reflects the informal nature of the service we provide.

The terms and conditions of the mortgage Mrs P and Mr P took out in 2018 said that if they moved house they *may* be able to transfer the amount outstanding on their mortgage to another property, provided they still met Metro's lending criteria at the time of the application for the new mortgage. They explained porting would require an application for a new mortgage. And the mortgage offer made clear they'd be liable to pay an ERC if they redeemed the mortgage early.

Metro said in December 2020 they hadn't approved the porting application because, broadly, Mrs P and Mr P didn't meet Metro's minimum income requirement – which Metro told us was put in place in July 2019 - and their strategy for repaying the mortgage fell outside Metro's lending criteria. They asked Mrs P and Mr P to provide additional information to consider their application further.

Metro were entitled to ask Mrs P and Mr P for information to assess whether their application met their lending criteria. They've questioned the level of information Metro asked for.

I can understand Metro were concerned to look closely at affordability given the impact the pandemic had had on some people's incomes. The Mortgage and Home Finance: Conduct of Business sourcebook sets out rules for lenders about assessing whether a mortgage is affordable for a borrower. Put simply, they don't apply where a borrower is not taking on any additional borrowing and there's no change to the terms of the mortgage that's likely to be material to affordability, as I understand the position was here. So, I think it could have been unfair for Metro to have declined their application solely on grounds of affordability had matters got that far. But Metro could still look into affordability. It wasn't unreasonable for them to ask for information about it. And I don't think requiring the information delayed things since the repayment strategy information was still outstanding when Metro gave their decision in late December 2020.

I think it was reasonable for Metro to consider Mrs P and Mr P's application against their repayment strategy criteria. They had originally planned to sell their existing property at the end of the five-year term and redeem the mortgage with the proceeds of sale. The value of their existing property met Metro's lending requirements, but the new property did not. In addition, their repayment strategy had changed.

Mrs P and Mr P feel Metro could have satisfied themselves, by checking their Metro accounts, that they had enough savings to pay off the mortgage. But Metro understood from the broker that they also planned to use savings held with another bank. And part of the strategy was to take out a retirement interest only mortgage, which fell outside Metro's lending criteria. So, I think it was fair and reasonable for Metro to satisfy themselves Mrs P and Mr P had a suitable repayment strategy to repay the money they owed at the end of the term.

Metro let the broker know the additional information they required to consider the application further when they told him their decision in late December 2020. By then, Mrs P and Mr P were concerned about their sale and purchase falling through. They felt it was clear Metro would not accept their porting application. And they asked for a redemption figure with a view to paying the mortgage back in mid-January 2021 before the decision came through.

I've looked at the events leading up to Metro's decision. I've listened to the phone calls that are available. And I've considered the evidence Mrs P and Mr P's broker has helpfully

provided. The evidence is in part contradictory. For example, Metro have no record of the many attempts the broker says he made to contact them before he submitted an application in late October 2020. And the broker disputes Metro's claim they spoke to him twice in late December 2020, after they'd issued their decision, to discuss the additional information they needed to assess things further.

I understand Mrs P and Mr P's concerns Metro have been untruthful about that. Given later correspondence from the broker confirms he got an email from Metro on 31 December, I think it's possible Metro made a mistake about how they made contact. I can't determine that conclusively. But, Mrs P and Mr P had already requested a redemption figure by the time Metro had issued their decision. So, what happened afterwards is less important. I think the key issue here is whether Metro caused any unreasonable delays beforehand.

The broker encountered difficulties in accessing the portal to make the porting application, initially because his registration had expired. He submitted the application by email at the end of October. Metro provided support with his re-registration, which took a few days. It seems the broker also had problems later in gaining access to the portal. But it's not clear access problems were due to mistakes by Metro. They acknowledged there'd been a problem with their portal but said the timing of that didn't coincide with when the broker was trying to gain access. Even so they offered Mrs P and Mr P £100 as a gesture of goodwill, which was fair.

The broker found the application process difficult to follow. Metro provided guidance about that and the supporting documents he needed to upload. A mistake in the initial application led to it being cancelled. A further application began in mid-November. Metro let the broker know the additional information he needed to provide. The latest piece of information was provided on around 17 December. Metro issued a decision on 22 December based on what they had, after the broker pressed for a decision. But they made it clear they needed more to consider the application further.

Both the broker and Metro seem to have had difficulty in getting in touch with each other by phone on occasion. And Metro mentioned in one of their conversations that they were busy when the broker said he'd been expecting a return call.

I think it's fair to consider Mrs P and Mr P's complaint bearing in mind the impact the pandemic had on mortgage applications. For example, changes to the way businesses operated, including home working, had an impact on the speed of service they could provide; lenders reasonably wanted to check any impact the pandemic had on their customers' ability to pay their mortgages when considering applications; and the stamp duty holiday introduced in July 2020 led to increased mortgage activity making lenders busier.

Bearing all the above in mind, I don't think Metro's actions in requesting information were unreasonable, and I'm not persuaded they caused any unnecessary delay. Overall, I don't think the timescales were unreasonable.

It was Mrs P and Mr P's decision to commit to the sale and purchase taking place in January 2021. Metro didn't say they'd approved their porting application when they decided to complete. Whilst I acknowledge they felt under pressure to do so, they still had a choice. And they redeemed the Metro mortgage knowing the ERC was payable. In the circumstances, and since I don't think Metro made any mistakes that led to the ERC being incurred, I won't require Metro to reimburse it.

I note the terms and conditions of the mortgage allowed porting applications to be carried out within 90 days of redeeming the mortgage. Mrs P and Mr P still had the option to proceed

with their application. Whilst I can't say for certain it would have succeeded, they may have avoided paying the ERC if they had.

Finally, Mrs P and Mr P made a saving on the interest they would have paid on the mortgage for the remainder of the term if they hadn't paid it back. I understand they'd budgeted to pay that interest, and their financial plans were upset through having to pay the ERC. But we can only put a customer back into the position they would have been in but for any mistake a business makes. So, working out any financial loss they incurred would have needed to take into account their overall financial situation. And even if I'd thought Metro had been at fault, I don't think Mrs P and Mr P would have been out of pocket based on the figures.

Considering everything, whilst I understand Mrs P and Mr P will be disappointed with my decision, I don't uphold their complaint.

My final decision

For the reasons I've explained, I don't uphold Mrs P and Mr P's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs P and Mr P to accept or reject my decision before 16 November 2022.

Julia Wilkinson
Ombudsman