

The complaint

Mr and Mrs K complain about how long it took Clydesdale Bank Plc to process and approve their application for a new fixed interest rate mortgage on their buy to let ("BTL") property.

What happened

Mr and Mrs K said they knew that the fixed interest rate period on their mortgage for a BTL property was coming to an end in June 2022, so they applied in good time, in May, to remortgage with Clydesdale. They expected the process to be done within a month, but they said Clydesdale caused considerable delays, which meant they ended up paying the much higher Standard Variable Rate ("SVR") for two months.

Mr and Mrs K said they'd complained to Clydesdale but it hadn't replied, so they wanted our service to look into things. They thought Clydesdale should pay back the product fee of a little under £2,000 that it had charged for their new mortgage deal.

Some time after this case came to us, Clydesdale did write to Mr and Mrs K to respond to their complaint. It said it was sorry about the delay. It would backdate the change to their mortgage to 1 July. That meant they would be owed a refund, which Clydesdale said it would pay, with 8% simple interest on top. And it also offered £250 in compensation, to apologise for what had gone wrong.

Our investigator didn't think this complaint should be upheld. He said Clydesdale had now accepted it was responsible for the delays, and had made an offer which our investigator thought was fair. That offer would put Mr and Mrs K back in the position that they would have been in, if the delays hadn't occurred.

Our investigator said that he understood Mr K felt Clydesdale should refund the product fee, but that was the cost of securing a new rate, which would've always been required. He explained that we weren't here to punish Clydesdale, but rather we'd expect it to correct its mistake and put Mr and Mrs K back where they were before the mistake was made. Our investigator thought Clydesdale had done that, and that the offer of compensation was both fair and in line with our guidelines. So he didn't think Clydesdale needed to do any more.

Mr K didn't accept this. He wanted us to ask Clydesdale for £500, but it said it wouldn't pay that. Because no agreement was reached, this case then came to me for a final decision.

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've reached the same overall conclusion on this complaint as our investigator.

I can see Clydesdale has accepted responsibility for the delay in processing and approving Mr and Mrs K's remortgage application. And, having looked at the evidence it has sent us, I

think it was right to do so. I note in particular that Mr K replied very promptly to Clydesdale's requests for additional information, and chased repeatedly to see if progress had been made, so the delay does seem to have been on Clydesdale's side.

As our investigator explained, when something like this happens, our service seeks to put the customer back in the position they would have been in, if things hadn't gone wrong. And I can see that what Clydesdale has done here is to apply the interest rate Mr and Mrs K finally secured in August, to their account from 1 July. So they will get back the extra money they paid at the start of July and August. Clydesdale has also offered 8% simple interest on this amount, and £250 in compensation.

I know Mr K thought Clydesdale should refund the product fee he and Mrs K paid, but, like our investigator, I don't think the payment of a product fee is linked to what has gone wrong here. So I don't think it would be fair and reasonable to ask Clydesdale to pay that now.

I do think the offer Clydesdale has made is fair. I don't know if it has since made that payment, so my decision below only requires it to do so if it hasn't already. I understand that Mr and Mrs K will be disappointed, but I don't think Clydesdale has to do more than this.

My final decision

My final decision is that, if it has not already done so, then Clydesdale Bank Plc must now do each of the following –

- recalculate Mr and Mrs K's mortgage payments for July and August 2022 to apply the interest rate they obtained on remortgaging in mid-August 2022 instead of the Standard Variable Rate, and refund to Mr and Mrs K any excess which they have paid.
- pay interest at 8% simple on this refund to Mr and Mrs K, from the date of payment to the date the refund is paid. (HM Revenue and Customs requires Clydesdale Bank Plc to take off tax from this interest. Clydesdale Bank Plc must give Mr and Mrs K a certificate showing how much tax it's taken off if they ask for one.)
- pay Mr and Mrs K £250 in compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs K and Mr K to accept or reject my decision before 12 June 2023.

Esther Absalom-Gough

Ombudsman