

The complaint

Mr B complains that HSBC Bank Plc delayed his mortgage application and he lost out as a result.

What happened

The background to this complaint is well known to both parties so I don't intend to set it out in detail. But I've listed the key events below.

On 16 November 2021, Mr B received a mortgage offer from HSBC with an expiry date of 15 May 2022.

Soon after the mortgage offer had been provided, HSBC's appointed solicitor (company A) questioned an existing charge showing on the title for the mortgaged property. It needed to chase Mr B a number of times before he engaged with it on this and towards the end of December 2021, Mr B confirmed he was disputing the charge. No update was provided to company A until February 2022 with no change in place at this point. Subsequent chasers were sent by company A without a change to the position.

In April 2022, Mr B was told the mortgage offer could not be proceeded unless the additional charge was removed. In early May, Mr B enquired about extending the mortgage offer.

On 13 May 2022, Mr B confirmed the additional charge had been removed and he was ready to progress with the mortgage. The original offer expired on 15 May 2022 but Mr B's broker spoke with HSBC and it agreed a 5-day extension.

On 16 May 2022, after the extension was agreed, company A said it couldn't progress with the mortgage and request the drawdown of funds without written confirmation from HSBC that the offer had been extended. HSBC insisted its written confirmation wasn't needed when ask for this by Mr B on 17 May 2022 and company A only needed to send the certificate of title and request the funds.

On 23 May 2022, company A continued to insist that it be provided with a written confirmation from HSBC on the extension. HSBC agreed to send this on 23 May but this confirmed the offer had expired again on 20 May 2022. As a result, Mr B needed to apply for a new mortgage offer at a higher rate than his previous one. The new application was made with an additional £22,192.27 borrowing.

Our investigator looked at the complaint and thought HSBC and company A had caused a delay that resulted in Mr B losing out. She said to put things right, HSBC should retrospectively apply the rates of the original offer Mr B had – applying this to the amount of the original offer only – as Mr B hadn't applied for the additional borrowing at this point. She also said HSBC should pay £150 for the distress and inconvenience.

HSBC disagreed with the view. It said it was clear the application had been delayed for months because of the outstanding charge on the property and the actions of Mr B in attempting to have this removed. It thinks focusing on the actions of company A and itself for

a number of days at the end of this period is unfair and but for Mr B's delays, the mortgage would have completed.

Our investigator explained that the previous delays were not what resulted in the mortgage failing to complete. And in her opinion, although the window of time was shorter, it was the delays through the actions of company A and HSBC that resulted in Mr B being unable to complete the mortgage as he intended.

Because HSBC maintained its position, the complaint has been passed to me for 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 agree with the outcome of our investigator in this case for broadly the same reasons and am upholding the complaint.

I accept that Mr B did add a significant delay to the process. But the offer had a six-month window for everything needed ahead of completion to be complete. And while it was arguably at the last possible point that Mr B could have completed everything that was needed, he did meet the deadline of the offer.

When HSBC agreed to extend the offer by five days it meant there was a reasonable amount of time for company A to progress with the completion and send HSBC the certificate of title and request the funds. But it failed to do this and insisted on information that HSBC said itself wasn't needed. This resulted in the mortgage not completing.

So while I accept Mr B caused delays with his actions to remove the disputed additional charge on the title and in the absence of these, it is likely the mortgage would have completed. I also think, had HSBC and company A done what it should have when asked, the mortgage would have completed in time too. Ultimately it was this failure that has resulted in Mr B losing out and it is fair and reasonable that HSBC do something to put this right.

Putting things right

To put Mr B in the position he would have been in, HSBC should do the following:

- Adjust the interest rate on Mr B's mortgage retrospectively to reflect what he would have got on the loan amount offered in his original mortgage offer.
- If there is any excess payments made by Mr B identified when this is completed, Mr B should be given the option to receive a refund of this with 8% simple interest added less tax deductible, or offer to reduce the mortgage balance by this amount.
- It should also pay £150 for the distress and inconvenience of the matter.

My final decision

For the reasons explained above, I uphold Mr B's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 26 May 2023.

Thomas Brissenden
Ombudsman