

The complaint

Mrs and Mr N are unhappy with the amount of time it took The Co-operative Bank Plc to produce a redemption statement for their mortgage. They say the delay caused them to miss out on a lower rate of interest, leading to a significant financial loss.

What happened

Mrs and Mr N held a standard mortgage with The Co-operative Bank Plc (Co-op). They wanted to take out a Lifetime Mortgage and approached a different mortgage provider (who I will call 'L') for this – because Co-op didn't offer this type of arrangement.

L initially provided Mrs and Mr N with a mortgage offer in April 2022 with an interest rate of 5.24%. Mrs and Mr N have told us the initial expiry of the offer was 14 June 2022. However, the expiry date for the offer was twice extended – with the last expiry being 5 August 2022.

In June 2022 Mrs and Mr N's solicitors (who I'll call 'A') requested a redemption statement from Co-op, with a redemption figure as of 14 July 2022. The letter requesting the redemption is dated 14 June 2022, but Co-op says (and the date stamp on the letter suggests) it didn't receive it until 24 June 2022.

A wasn't on Co-op's panel and they needed to be added. Co-op says this happened on 6 July 2022 and that it notified A of this on the same date. On 18 July, Mrs N contacted Co-op to ask what was happening with the redemption statement, as she was aware that A hadn't yet received it. Co-op told Mrs N that the request had been received and that A should receive it in due course.

On 22 July 2022, A contacted Co-op by phone to say they hadn't received the redemption statement and to ask when they could expect it. During this call, the Co-op representative said the statement was meant to have been actioned earlier in the month, but hadn't been for some reason. They said they would organise to send a new redemption statement and it was agreed with A that the new redemption statement would have a redemption figure as at 15 August 2022. Co-op's representative asked A for the best fax number to use and A gave a number to Co-op's representative. Co-op's representative told A that the statement should come through by the end of the day on 27 July 2022.

Co-op says it faxed the redemption statement on 26 July 2022. However, on 15 August 2022, A contacted Co-op again to say they were having issues with the redemption statement they'd just received. They said the statement was dated 26 July 2022 and said it was only valid for seven days. A was concerned this meant the statement was no longer valid and so they asked Co-op if they could send another one.

Co-op's representative told A that the seven days shouldn't actually cause any issue in a practical sense. However, A's representative noted that they were having the conversation on 15 August 2022 (the date of the redemption figure on the redemption statement) and so they asked Co-op if they could generate and send another statement, to which the Co-op representative agreed they could and would.

A's representative asked Co-op's representative whether they e-mail or fax the statements? Co-op's representative replied that they always fax them. It was agreed that Co-op would send another statement that would likely be sent within 24 hours, with a redemption date figure at 23 August 2022. A's representative gave the fax number to use.

A contacted Co-op again on 30 August 2022 to request another redemption statement and this was faxed by Co-op to A on 31 August 2022. The mortgage with L completed on 5 September 2022 and the Co-op mortgage was repaid.

In September 2022, Mrs and Mr N complained that the delay in Co-op providing the redemption statement to A had caused them to lose out on the original offer. They said this had resulted in them needing to pay a higher rate of interest which could over time amount to a substantial amount of money. They also said the delay had resulted in them needing to draw-down on their pension to pay their mortgage in July and August which had led to them needing to pay more tax. They thought Co-op should also refund this.

Co-op upheld the complaint about delays, but didn't agree that it had caused the financial loss Mrs and Mr N said it had. It said that it had provided a redemption statement to A on 26 July 2022 and there was enough time for the transaction to be completed before the offer/rate expired on 5 August 2022. It also didn't think it was responsible for any tax implications of Mrs and Mr N needing to continue to make mortgage repayments until the new mortgage was in place.

It did though offer Mrs and Mr N £200 for its part in the redemption statement delay and also for not giving an answer to their complaint within 8 weeks.

Mrs and Mr N remained unhappy and referred their concerns to the Financial Ombudsman Service. They still thought that Co-op was responsible for them ending up needing to pay more interest on their new mortgage.

An investigator here issued an assessment saying that they didn't think Co-op was responsible for any financial loss. They also thought the £200 offer of compensation was fair.

Mrs and Mr N disagreed and so the case 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.

Having done so, I've reached the same overall outcome as the investigator for largely the same reasons. This means I am upholding Mrs and Mr N's complaint only in part – in that Co-op does need to pay them some compensation for its part in the unnecessary distress and inconvenience caused to Mrs and Mr N. I realise this will be a disappointment for Mrs and Mr N, but I hope my explanation helps them to understand why I've reached this conclusion.

Before I explain why, I want to set out my role as an Ombudsman. It isn't to address every single point that's been made to date. Instead, it's to decide what's fair and reasonable given the circumstances of this complaint. And for that reason, I'm only going to refer to what I think are the most salient points when I set out my conclusions and my reasons for reaching them. But, having read all of the submissions from both sides in full, I will continue to keep in mind all of the points that have been made, insofar as they relate to this complaint, when doing that.

In order to say that Co-op is liable for Mrs and Mr N ending up with higher costs due to the mortgage with L being at a higher rate of interest, I would need to be satisfied that Co-op's action or inaction was the direct cause of the loss. I don't find this to be the case.

Whilst Co-op has accepted (and I agree) it did delay things by not responding as it should in relation to the original request from A for a redemption statement, I don't consider that this caused the loss Mrs and Mr N say it did.

I say this because based all of the evidence I've seen (including Co-op's system notes and recordings of its calls with A) I find it more likely than not that Co-op did send the redemption statement to A by fax (to the number given over the phone by A) on 26 July 2022. Although Co-op has said it cannot provide categorical evidence to demonstrate the fax was sent on that day, I'm mindful that all of the circumstantial evidence suggests this is what most likely happened.

Mrs and Mr N have said that A told them they received the redemption statement in August 2022 by post. However, in the call between A and Co-op on 15 August 2022, A asked the Co-op representative whether they e-mail or fax the statements – there is no mention of post. Co-op's representative says in reply that redemption statements are always sent by fax. During each of the calls between A and Co-op (including the call on 22 July 2022) the Co-op representative asks A's representative for their fax number and each time a number is given. The number is documented within Co-op's contact notes.

I find that all of this means it is more likely than not that Co-op did fax the redemption statement to A, on 26 July 2022.

The mortgage offer from L with the original/lower rate of interest didn't expire until 5 August 2022. This means there was still time for Mrs and Mr N to be able to access that deal/rate.

When reaching this conclusion, I've borne in mind that when the Co-op mortgage was eventually settled on 5 September 2022, this was from a redemption statement sent to A by Co-op on 31 August i.e. it took less than a week from when that redemption statement was sent, for everything to be concluded.

So, while Co-op's failure to respond promptly / as it should to the original request for a redemption statement didn't help matters - and certainly contributed to the unnecessary distress and inconvenience caused to Mrs and Mr N in terms of the overall situation - I can't reasonably conclude that Co-op is responsible for the loss Mrs and Mr N think it is.

In terms of what Mrs and Mr N have said about needing to pay more tax from unexpectedly needing to draw down on their pension in July and August, I don't agree this is any kind of loss that Co-op would be responsible for. Mrs and Mr N always needed to meet their existing mortgage commitment until it was settled and there were no guarantees as to exactly when this would happen. Co-op's mishandling of the original redemption statement request didn't help matters, but it is not responsible for the overall timescales.

Finally, I find that the £200 compensation Co-op already offered is a fair amount and in line with our approach to such awards.

Putting things right

Co-op needs to pay Mrs and Mr N £200 in compensation.

My final decision

My final decision is that I uphold this complaint and direct The Co-operative Bank Plc to do what I've said above under 'Putting things right'.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs N and Mr N to accept or reject my decision before 27 August 2023.

Ben Brewer
Ombudsman