

The complaint

Mrs H and Mr H complain about the service OneSavings Bank Plc trading as Kent Reliance (OSB) provided when they applied to re-mortgage.

What happened

In June 2022 Mrs H and Mr H applied to re-mortgage with OSB through a broker. OSB issued a mortgage offer at the beginning of September that was valid until the end of November.

The offer was subject to several conditions. They included, broadly, that the property Mrs H and Mr H were borrowing against must have the benefit of a ten-year new homes warranty from OSB's approved list or other certification specified in the offer (the warranty).

Mrs H and Mr H's solicitors didn't receive the mortgage offer initially. OSB sent a copy to them on around 20 September. Around a month later the solicitors queried the need for the warranty on the basis the property was almost ten years old.

OSB were prepared to waive the warranty requirement for the main part of the property. But they said they'd need a warranty if the annexe, which had been built more recently, was part of the title to the property. The annexe did form part of the title. But the solicitors then queried the need for the warranty on the basis the annexe wasn't part of the main residence. OSB confirmed they still required it.

Mrs H and Mr H needed time to arrange the warranty. OSB extended the mortgage offer to coincide with when the valuation would run out. They agreed to consider a further extension if Mrs H and Mr H could let them have a completion date. But Mrs H and Mr H didn't go ahead with the application and the offer lapsed.

Mrs H and Mr H complained to OSB. They said, in summary, delays by OSB in dealing with the application had forced them to withdraw it; they'd missed out on the fixed rate deal OSB had offered; and they'd paid fees they couldn't get back.

OSB didn't uphold the complaint. They said, broadly, they'd made it clear at the outset the warranty would be required; the broker and solicitors ought to have been aware of that; the solicitors had taken until mid-October to raise queries relating to the warranty; OSB had said by 11 November the warranty was required; and although the solicitors had raised a further query, OSB didn't change their position; they'd agreed to extend the mortgage; and they'd agreed to consider a further extension if Mrs H and Mr H had provided a completion date; since they hadn't heard further from Mrs H and Mr H, the mortgage offer had lapsed and they'd cancelled the application. OSB apologised that some of their responses had been outside their usual turnaround times but explained that was because they'd had to refer the queries raised to other teams.

Mrs H and Mr H didn't accept OSB's complaint outcome and brought their complaint to the Financial Ombudsman Service. Our investigator thought the requirement for the warranty had been made clear and he didn't think OSB had acted unreasonably.

Mrs H and Mr H didn't agree. They said they weren't unhappy with OSB's requirement for the warranty but with the service OSB had provided. They were unhappy with the time it had taken OSB to issue an offer and instruct their solicitors; they would have raised their query about the warranty sooner but for the earlier delays; and OSB had delayed in replying to a query they'd raised in late September about the warranty and hadn't confirmed things until early December.

Mrs H and Mr H felt OSB had acted deliberately or lacked resources. They wanted OSB to reimburse the wasted fees they'd incurred, Mr H's loss of income and the additional costs of their mortgage as they missed out on the fixed rate deal OSB had offered them and were on their previous lender's standard variable rate. They also wanted compensation for the distress and inconvenience they felt OSB had caused them.

Since the complaint hasn't been resolved, it'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 appreciate the detailed information the parties have provided and which I've considered carefully. I won't mention everything here. No discourtesy is intended by that. It simply reflects the informal nature of the service we provide. I'll focus on what I consider key to my decision.

I note Mrs H and Mr H's strength of feeling about their complaint. Mr H has explained he spent a great deal of time dealing with the re-mortgage, which affected his work. I can understand it was disappointing the application didn't go through and upsetting to have incurred fees and lost out on a favourable interest rate deal. However, whilst I understand Mrs H and Mr H will be disappointed, for reasons that are similar to our investigator's I don't think it's fair and reasonable to hold OSB responsible. I'll explain why.

I'd expect OSB to provide a reasonable level of service. And I'd expect them to give information in a way that is clear, fair and not misleading in line with Financial Conduct Authority principles. I've considered what happened bearing that in mind.

Mrs H and Mr H made their application through a broker. The broker had access to OSB's lending criteria. They set out clearly OSB's requirement for a warranty in relation to properties less than ten years old and a list of warranties they'd accept. So that information was available to Mrs H and Mr H through the broker before the offer was issued.

I don't think the time OSB took to issue a mortgage offer was unreasonable. They were considering financial information Mrs H and Mr H were providing and asking for additional information where they felt there were gaps. It was reasonable, and in line with Financial Conduct Authority rules, for OSB to satisfy themselves the loan was affordable. And it was fair they should be happy the application met their own lending criteria.

I understand the solicitors didn't receive the offer when it was issued to Mrs H and Mr H at the beginning of September. OSB have provided a copy of the letter they sent to the solicitors then enclosing the offer and advising them how to access OSB's instructions and the relevant conveyancing documents. The letter was correctly addressed and I've no reason to think it wasn't sent. It's possible it was lost in the post, but it wouldn't be fair to hold OSB responsible for that. OSB's records also show they emailed a copy of the offer to the solicitors on 2 September and again on 20 September after Mr H had chased them. In all the circumstances, I think OSB did what they reasonably could to provide the solicitors with the

offer and their instructions in a timely way.

The mortgage offer documentation set out clearly the requirement for the warranty. So, even if the broker hadn't mentioned it to Mrs H and Mr H, they ought reasonably to have been aware of it by the time they got the offer in early September. The solicitors would have known about it when they received the offer. And the documents OSB gave the solicitors access to also set out clearly the warranty requirements.

I note Mr H's point that there were a number of mortgage conditions that needed to be worked through and addressed. The solicitors wrote to OSB about the conditions on 18 October. They raised a query then about the need for the warranty on grounds the property was a self-build nearly ten years old. That was almost a month after they'd seen the offer. Although Mr H has mentioned the point was raised sooner, I haven't seen any record of that. It wouldn't be fair to hold OSB responsible for any delay in addressing the issue until the solicitors had raised it.

OSB gave reasonable consideration to the solicitors' query, as I'd expect, and on around 24 October said they'd referred it internally to their appropriate teams. On 11 November they explained, in summary, that if the annexe was part of the title to the property, they couldn't proceed without the warranty since the conversion had taken place in 2019; but if it wasn't part of the title to the property, they could waive the warranty requirement as the remainder of the property had been converted almost ten years before. I think they made the position clear then. And the time it took to do so wasn't unreasonable given the need for different OSB teams to be consulted.

Mr H feels OSB were putting a new condition in place when they said the warranty was required for the annexe. I don't agree. OSB agreed to waive the requirement for the main property given its age following the solicitors' query. But that decision and the indication they'd still require the warranty if the annexe, built much later, was part of the title to the property were given at the same time. And OSB's position in relation to the annexe was consistent with the warranty requirement that had been made clear in the beginning.

On around 16 November the solicitors challenged OSB's requirement for the warranty on grounds the annexe wasn't part of the main residence. OSB gave reasonable consideration to that point too. But they didn't change their minds. And they confirmed to the solicitors that the warranty was needed on around 23 November.

On around 25 November the solicitors asked if a warranty from a company Mr H had looked into would be acceptable. They explained the timescale for obtaining it. And they said they'd need an extension of around two months to complete the mortgage. OSB responded on around 2 December. They extended the offer and they referred OSB to the information they'd issued with their instructions about the warranties they'd accept.

I don't think OSB acted unfairly then. I note Mr H's point that he wanted clarification of the warranty OSB would accept before going ahead. He says he and Mrs H didn't want to incur the cost of the warranty only to find the offer had expired. I can appreciate their concern about that. However, OSB had set out the warranties they would accept in the information they'd given to the broker and solicitors early on. It wasn't unreasonable for OSB to point that out to the solicitors when they responded at the beginning of December.

OSB extended the offer to around the end of December which meant it coincided with the validity of the valuation coming to an end. When the solicitors pointed out shortly afterwards the extension wasn't long enough, OSB said they'd consider a longer extension if Mrs H and Mr H could provide a completion date. I don't think that was unreasonable. It was fair for OSB to have an idea of when the mortgage might complete so they could consider, for

example, if they were prepared to carry on offering the same deal and/or a new valuation would be required.

Mrs H and Mr H decided not to go ahead on around 20 December. OSB didn't hear from them again and the offer lapsed. But I don't think OSB caused the application to fail. OSB were prepared to consider a further extension if Mrs H and Mr H would provide a completion date. Whilst I note the timescales OSB were mentioning and those the solicitors were asking for were longer, the possibility of a further extension remained and the discussion about that was ongoing. So, on balance, it wouldn't be fair to say OSB refused to give an extension or that Mrs H and Mr H had no alternative but to pull out.

I can understand Mrs H and Mr H found the time OSB took to respond to some of the queries they and the solicitors had raised frustrating. Mr H has explained the time he spent chasing for updates and the impact on his work. But there's no evidence OSB acted deliberately to slow things down as Mr H suspects. OSB acknowledged they'd sometimes taken longer to reply than their usual turnaround times allowed. But they explained they'd had to refer the various queries to other teams. I don't think that was unreasonable. They were considering the possibility of waiving warranty requirements in relation to the property over which their lending would have been secured. There were risks associated with that. It was fair for OSB to give them proper consideration. And they let the solicitors know the steps they were taking. Bearing everything in mind, I think OSB's explanation and apology is enough to put things right.

In all the circumstances, whilst I understand they will be disappointed, I don't uphold Mrs H and Mr H's complaint.

My final decision

For the reasons I've explained, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs H and Mr H to accept or reject my decision before 5 April 2024.

Julia Wilkinson
Ombudsman