

The complaint

Mr M complains that Coventry Building Society (CBS) caused delays during his applications for a product transfer, further advance, and the removal of the joint borrower from his mortgage.

What happened

Mr M had a joint CBS mortgage with his ex-wife with an interest rate product that was due to expire on 31 March 2022. In January 2022, Mr M's broker enquired with CBS about Mr M applying for a new interest rate product and further advance of £30,000. He explained to CBS that the joint account holder was being removed from the mortgage leaving Mr M as the sole borrower. CBS explained to the broker that in order for the product transfer and further advance to be processed in Mr M's name only, the transfer of equity (TOE) application (to remove Mr M's ex-wife) would need to be submitted so the applications could be processed simultaneously. The broker submitted the applications for the product transfer and further advance in February 2022.

In March 2022, CBS sent Mr M, his broker, and his solicitor the offer for his further advance. Following a number of conversations with CBS and the solicitors Mr M was using to carry out the requested changes to his mortgage, Mr M submitted a TOE application directly with CBS in April 2022. In the meantime, his interest rate product had ended, and the mortgage was moved to the variable Privilege Rate which increased his monthly payments.

In May 2022, CBS sent Mr M a mortgage offer in his sole name following the approval of his TOE application. But in June 2022, Mr M discovered that the solicitors he'd instructed could not carry out the work he needed, and in July, new solicitors were instructed. In August, CBS agreed to an extension of the offers they'd issued for the product transfer and further advance. In October the mortgage was transferred to Mr M's sole name, the further advance funds were released, and the new interest rate product came into effect from November.

Mr M complained to CBS as the delays in them completing these changes to the mortgage had resulted in him having to make higher monthly payments from April to November 2022.

CBS issued a final response letter on 20 February 2023. They explained they'd made some errors when processing Mr M's applications in 2022, but they were not responsible for the majority of the delay. They offered to pay Mr M £880 which included two months of the additional interest Mr M paid once his previous product had ended (totalling £629.53), and an award to apologise for the service he'd received.

Mr M responded as he wasn't satisfied that was a fair resolution. He also mentioned he'd requested copies of documents that he'd never received. CBS offered to pay Mr M £50 to apologise for the fact he'd not been sent the documents he'd requested.

Mr M brought his complaint to our service. Our Investigator looked into things, and thought the offer made by CBS was a fair way to put things right.

Mr M asked for his complaint to be referred to an Ombudsman, and so the complaint was passed to me to issue a decision.

My provisional decision

I issued a provisional decision on 23 January 2024. This is what I said:

“I’ve considered all the available evidence and arguments to decide what’s fair and reasonable in the circumstances of this complaint.

Mr M’s applications for his further advance and product transfer were processed in time for the expiry of his previous interest rate product, as the offers were produced by CBS in March. The delay in everything completing in time was caused by Mr M’s application to remove his ex-wife from the mortgage and transfer it into his sole name.

CBS told Mr M’s broker in January that all three of these changes would need to be made simultaneously – as the applications were being made in Mr M’s name only. Mr M’s ex-wife was no longer going to have anything to do with the mortgage and so wouldn’t have been party to the applications. Because of that, I think it was reasonable that CBS wanted the TOE to go through before they agreed to lend Mr M additional funds on his own, and make a change to the interest rate without consent from the joint party. I’m satisfied CBS was clear with Mr M’s broker about what needed to happen in January. They also chased Mr M’s broker in February when the TOE application still hadn’t been made.

The initial delay in Mr M making, and then pursuing, the TOE application appears to have been caused by confusion surrounding the solicitor’s firm he was using to administer the necessary changes. Mr M says he was applying for a new mortgage with a different lender initially. He had been discussing the application with a solicitor’s firm I’ll refer to as A. But that application didn’t progress, and Mr M decided to pursue things with CBS instead. It seems that Mr M thought solicitor A would be able to use the same legal work they’d started for his other application for this TOE application with CBS. It also seems Mr M’s broker may have had the same impression. So Mr M thought the application was already underway with CBS when in fact it hadn’t been made to them, and solicitor A was not acting for Mr M in relation to that particular application. I don’t think CBS are responsible for that misunderstanding as they had given Mr M’s broker the right information about what needed to happen and weren’t aware of Mr M’s application to another lender.

Mr M says he had several conversations with CBS during this process and no one that he spoke to was clear with him about what needed to happen. I’ve reviewed the contact history for Mr M’s mortgage and listened to the relevant calls he had with CBS during this period.

On 24 March Mr M called CBS to explain solicitor A hadn’t received the paperwork they needed and asked for this to be resent to them. CBS confirmed they would resend the paperwork to them. They also gave assurances to Mr M that CBS had produced the mortgage offers and it was now down to the solicitors to complete the necessary legal work before everything could complete. Mr M mentioned both the TOE and the further advance in this call, and so I think it was reasonable for him to assume CBS meant the offer documents had been produced for both applications. There was no indication given by CBS that Mr M needed to do anything further for things to progress. Mr M has told us he wasn’t clear on what he needed to do during this process, and I think that was apparent during the call. I’m persuaded CBS should have been clearer during that call that a TOE application had not

been made and Mr M still needed to do that himself. Instead, he wasn't made aware of that until 29 April, and he then made the application.

I'm satisfied that CBS did initially make Mr M's broker aware that he needed to contact them directly to make the TOE application, as his broker had said he wasn't going to be doing that on his behalf. So I don't think CBS are responsible for the initial delay in that application being made. But I do think CBS should have made Mr M aware on 24 March that the application still needed to be made before anything else could happen, and had they done so I think Mr M would have made that application then as he did do in April when he was later given that information.

Further delays were then caused by the fact that in June 2022, Mr M discovered that solicitor A could not carry out the legal work he requested and so he had to instruct a new solicitor. CBS have accepted they could have been more helpful in establishing what role solicitor A had in this transaction, and this could have saved Mr M some time trying to work this out himself throughout the month of June, as it took several phone calls before Mr M knew he would have to appoint a different solicitor to carry out the necessary work. However, I've not seen anything that I think should have alerted CBS to this before June, as both Mr M and his broker had told them that solicitor A were dealing with things for him.

After a new solicitor was instructed in July, they had difficulty getting the mortgage offers extended because CBS hadn't linked all the applications on their system. So this added another short delay.

I can understand how stressful Mr M found this whole experience as he was dealing with CBS, his broker and different solicitor firms regularly to try and get the changes to his mortgage sorted. His mortgage payments had gone up in the meantime and overall things did take longer than they should have done. Whilst I think CBS could have handled some things better as I've set out above, I'm not satisfied they're responsible for the amount of time taken overall to make the changes Mr M wanted to make to the mortgage.

In order to avoid the mortgage reverting to the variable rate, the TOE would have had to have completed before April. So even if CBS had made Mr M aware that the application hadn't yet started contrary to his understanding on 24 March as I've said they should have done, that would not have left enough time for things to have been sorted by then. Mr M needed to have made the application much sooner, and I'm satisfied CBS gave Mr M's broker the information he needed to know about that in January. So I'm not persuaded that it's a result of CBS's actions that Mr M ended up having to pay the variable rate before his fixed rate was applied.

Putting things right

CBS have already refunded two months' worth of the additional interest Mr M paid whilst he was waiting for the TOE to go through for the months of September and October 2022. I think they should pay one further month to compensate for the fact that they should have told Mr M in March that the application hadn't yet been started, rather than waiting until the end of April. This should be the difference between what Mr M paid in August 2022, compared to what he would have paid had the changes been completed before then (the TOE, further advance and product transfer). CBS have already paid Mr M £250.47 to recognise the distress and inconvenience they caused. I'm satisfied that's a reasonable amount here to reflect the stress caused directly by CBS."

Responses to my provisional decision

Both parties accepted the resolution set out in my provisional 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.

As both parties have accepted my provisional decision, I see no reason to depart from the findings I made, and resolution I proposed on 23 January 2024. As a result, my final decision is that Coventry Building Society should put things right as I've set out below.

Putting things right

To put things right CBS should calculate the difference between the monthly payment Mr M was charged on his mortgage for the month of August 2022, and what he would have been charged had the TOE, further advance, and interest rate change all taken place before then. CBS should then pay Mr M that amount within 28 days of being notified of Mr M's acceptance of this decision (if he does accept).

My final decision

I decide this complaint should be upheld, and Coventry Building Society should put things right as I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 6 March 2024.

Kathryn Billings
Ombudsman