

The complaint

Mr and Mrs G complain about poor service from The Governor and Company of the Bank of Ireland (trading as Bank of Ireland) regarding their buy to let mortgage.

What happened

Mr and Mrs G's interest rate product was due to expire on 30 April 2023. They made an application via a broker for a new interest product, but cancelled this as they decided to make an over payment before taking out a new product.

Mr and Mrs G made an over payment on 18 May 2023. They say BOI delayed applying this to their account. This delayed them taking out a new interest rate product, meaning they spent an extra month on its standard variable rate (SVR). Mr and Mrs G also complain about the long wait times when they called BOI.

Our investigator said BOI followed its process when it applied the over payment. She said Mr and Mrs G missed the deadline to have a product in place by 1 June 2023. Our investigator agreed that call wait times were too long, but said the £30 paid by BOI was fair.

Mr G didn't agree and asked that an ombudsman re-consider the complaint.

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.

Mr G doesn't agree with BOI's process for applying over payments. And he says it should have hired more staff to deal with the volume of calls it was receiving in mid-2023. These aren't matters I can require BOI to change. This service isn't a regulator and we don't have the powers of a regulator. What I can do is consider whether BOI treated Mr and Mrs G fairly, and if not what it should do to put matters right.

The new interest rate product

BOI says it only guarantees a product being in place for the following month if it receives signed documents before the 19th of the month. The product offer sent to Mr and Mrs G in June 2023 set this out, as did the product offer sent to them in March 2023. Mr and Mrs G returned signed documents in mid-June 2023. I don't think BOI made an error when it applied the product from 1 July 2023.

The overpayment

BOI received an over payment from Mr and Mrs G on 18 May 2023.

BOI says overpayments are applied to mortgage accounts as part redemptions manually. It says when it receives a payment by bank transfer without instructions it can't guarantee a service standard (there's no timescale for when it will be dealt with). However, if it receives instructions or the payment is over £500 it will be applied as at the date of receipt. That

statement has caused confusion: Mr G says this means their payment (which was more than £500) should have been applied immediately on 18 May 2023, when it was received. I think what BOI means by this is that it back dates the payment and calculates interest as if the payment had been applied as a part redemption on the date it was received. BOI says if it receives clear instructions with the payment, it does this within five working days.

Mr and Mrs G didn't give any instructions to BOI when they made the payment. Mr G called BOI on 19 May 2023, as their broker was having difficulty logging into BOI's online hub. He didn't mention the payment on that call.

Mr G called BOI again on 26 May 2023 and asked about the payment, which hadn't yet been applied to the account. BOI applied the payment on 30 May 2023, less than five working days later. This was in accordance with its usual process.

Mr G says they shouldn't need to give instructions as it was obvious that they made the payment into the mortgage account to reduce the balance. BOI isn't disputing that Mr and Mrs G made the payment to reduce the balance. It says it applies over payments as part redemptions manually, and it only has a timescale to do this if it receives clear instructions with the payment.

Mr G says BOI should tell customers their payments won't be applied immediately, and that they need to give instructions with the payment. BOI says it did tell Mr and Mrs G in 2020 that they needed to notify it when they made a payment to ensure it's applied in a timely manner. It sent a copy of the letter it sent to Mr and Mrs G in 2020. This was some time before Mr and Mrs G made the overpayment in 2023 so I can understand if they didn't recall this.

However, I don't think it would have changed matters if Mr and Mrs G had given instructions when they made the payment on 18 May 2023. If Mr and Mrs G wanted a new product to be in place for 1 June 2023 they'd have needed to return signed documents by 19 May 2023. It seems unlikely there would have been time for the payment made on 18 May 2023 to be applied to the account (which could take up to five working days) and for the documents for a new product to be issued, completed and returned by 19 May 2023.

Taking all of this into account, I don't think BOI made an error when it applied the payment to Mr and Mrs G's account. And, while I understand Mr and Mrs G's frustration, I don't think them being on the SVR in June 2023 was due to an error by BOI.

Call wait times and poor service

When Mr G called on 26 May 2023 he was given incorrect information that the payment should already have been applied. But this incorrect information didn't affect the overall outcome. After speaking to Mr G about the payment, BOI arranged for it to be applied to the account within five working days, in accordance with its usual process.

On both of the calls Mr G made to BOI he complained about the long wait times – he said he was waiting for an hour and 19 minutes on the second call. BOI agreed that the call wait times were too long and paid £30 compensation. I appreciate this was frustrating and Mr G would like more compensation. But he hasn't said that the call wait times caused him particular difficulties or inconvenience. In the circumstances, I don't think it's fair and reasonable to require BOI to pay further compensation.

My final decision

My decision is that I do not uphold this complaint. That's because I find that the

compensation paid by The Governor and Company of the Bank of Ireland (trading as Bank of Ireland) is fair and reasonable in the circumstances.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs G and Mr G to accept or reject my decision before 29 March 2024.

Ruth Stevenson
Ombudsman