

The complaint

Mr W and Ms S' complaint about Coventry Building Society (CBS) relates to their application to port a mortgage from one property to another. CBS initially agreed but then declined the application when it learned that in the circumstances of Mr W and Ms S' application it had breached their policy.

What happened

In September 2020, Mr W and Ms S took out a buy-to-let (BTL) mortgage with CBS on C St. On 4 July 2022, Ms S told CBS that Mr W wanted to buy a property she owned (Q Rd) and that he wished to do so in his sole name. She asked whether the mortgage on C St could be ported to Q Rd, and said they also intended to move into C St. CBS say that they told Ms S that this was possible provided Mr W didn't already own Q Rd, and she confirmed he didn't.

On 11 July CBS issued a mortgage illustration to Mr S and asked him to confirm that Q Rd was owned by Ms S, which he did. The application was submitted on 29 September and a mortgage offer (the Offer) issued to Mr W on 24 October 2022. It was valid until 14 April 2023. There were various legal issues which then arose, including a change of solicitor, leading to Mr W's solicitors obtaining an extension to the Offer for a period of 40 days.

On 16 May 2023 Mr W and Ms S' solicitors requested that the Offer be amended into Mr W and Ms S's names, to which CBS advised that a fresh application would be required. The next day Mr W also called CBS asking if Ms S be added to the mortgage application and during that call disclosed that he was a joint owner of Q Rd.

CBS said that their lending policy didn't allow a customer to port a mortgage to a property they already owned and pointed out this was explained in the leaflet *'Moving your mortgage to a new property'* which had been enclosed with the original mortgage offer on C St, in March 2020.

CBS also said that it hadn't been told, prior to Mr W's disclosure on 16 May, that he already owned Q Rd, and if it had known that, then it wouldn't have allowed the porting application to go ahead. As a result, CBS cancelled the application on the basis that Mr W's ownership of Q Rd was not information that had been available to them at the time of the application and that they relied on the answers to the questions they asked, and information received, from the solicitors.

Mr W and Ms S also complained that CBS advised them to repay the mortgage they held on Q Rd prior to the porting of the mortgage, which they had done before learning that CBS were to decline their application. They say that had they known CBS would decline their application they wouldn't have done that. CBS disputed they gave such advice.

However, CBS did accept that they had caused a slight delay, from 13 April to 4 May, being the period from when Mr W and Ms S' solicitor asked that the Offer be extended until CBS provided their response. In recognition of that CBS sent Mr W and Ms S a cheque for £100 as a gesture of goodwill.

Mr W and Ms S were unhappy with CBS's final response and so approached this service to see if we could assist in resolving the dispute. Our investigator thought that CBS hadn't done anything wrong and had dealt with the complaint fairly. Mr W and Ms S didn't agree and asked for the complaint to be passed to an Ombudsman for a final 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 know the parties provided a lot more detail than in my summary, but I shall focus on what I see as the key issues. Our rules allow me to do this, and it reflects the informal nature of our service as an alternative to that of taking action through the Court. If I've not mentioned something then this isn't because I've ignored it, it's because I don't need to comment on every individual argument to be able to reach what I think is the right outcome.

Although initially disputed by Mr W and Ms S, at all material times, Q Rd was owned by Mr W, albeit jointly with Ms S. Further, Mr W and Ms S were made aware when they took their mortgage out on C St in 2020, that porting of the mortgage was permitted unless it was to a property which was already owned by them. It follows that their application to port the mortgage was always going to be declined on the basis of CBS's policy on porting.

I have looked at whether CBS did anything which could be said to have misled Mr W and Ms S, but I can't find that they did. When initially making their porting application Mr W and Ms S were told that it was possible as long as Mr W didn't own Q Rd. Mr W was therefore in a position at that time to have checked his ownership if he was unsure, but it seems he didn't. Further, Mr W and Ms S both failed to disclose to CBS that Mr W was a co-owner of the property. Even though this is likely to have been an innocent mistake and oversight, it does not get away from the point that Q Rd was, as a fact, owned by Mr W.

I think it was entirely reasonable for CBS to rely upon the information provided to them by Mr W and Ms S and so I cannot criticise CBS for initially saying that the C St mortgage could be ported. But when it learned the true facts, on 16 May 2023, I think it acted fairly and reasonably by sticking to its policy, because there is no evidence that CBS was told about the correct ownership position prior to that date.

I've also looked into Mr W and Ms S' complaint that CBS advised them to redeem their mortgage on Q Rd. I've noted from their solicitor's call on 29 March that the solicitor told the CBS advisor that the reason for redeeming the then existing mortgage on Q Rd was because the rate was too high. Nowhere in that call did the advisor tell the solicitor that it was a requirement that the mortgage on Q Rd should be redeemed prior to the porting of the C St mortgage. I've also looked through the contact notes and cannot see anything recorded there to that effect either. So, I'm not satisfied that CBS told Mr W and Ms S that they must redeem the Q Rd mortgage.

CBS has accepted that it some failure in service and because of that it compensated Mr W and Ms S with £100, and I've given this some further thought. When I consider the issue of compensation, I start from the point that any award for the trouble and upset caused should be balanced against the ups and downs of everyday life which we all face when dealing with other people, businesses, and organisations, and recognising that at times this can be inconvenient.

It is also very important to remember that there is no set figure for compensatory awards, since the facts of each case are different. Ultimately it is an exercise of judgement, looking at all the circumstances and coming to a figure which feels fair, when set against the effect of any failures in service on the person bringing the complaint.

As I have found that the only area of poor service related to the delay in extending the life of the Offer, and it didn't impact upon the transaction in any other way, I think the sum paid was very reasonable.

My final decision

Coventry Building Society has already paid Mr W and Ms S £100 to settle this complaint, and I think that is fair and reasonable. So, my final decision is that I don't require it to do anything else.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms S and Mr W to accept or reject my decision before 25 April 2024.

Jonathan Willis
Ombudsman