

## **The complaint**

Mr P complains about the delays he experienced with Leeds Building Society when he moved his residential mortgage from his existing residence to a property on which he had a buy to let mortgage.

## **What happened**

Mr P had a residential property with Leeds and a property with a buy to let mortgage. In about September 2022 the buy to let was vacant and Mr P in October had a discussion with Leeds about moving into the buy to let property. Leeds said that if the residential property was sold that mortgage could be transferred over to the buy to let avoiding an early repayment charge ("ERC"). On 13 December, an agreement in Principle ("AIP") issued. Mr P then submitted his mortgage application but when this was assessed by Leeds's mortgage lending department on 16 January, it was then noticed that the application should be for an internal remortgage rather than a porting application. Mr P got a cancellation letter, and the internal mortgage application was submitted.

That application should have gone to the mortgage lending department, but it didn't, and it wasn't assessed until 20 February 2023 and an offer made on 2 March 2023. The solicitors acting in the internal mortgage asked for funds for completion on 11 April, but it wasn't completed until 14 April.

Mr P complains about the delay in completion, the misinformation and lack of contact he received during the process and that he had to pay a new valuation fee. Mr P also complained about the solicitors appointed by Leeds. Leeds agreed it had got some things wrong and paid Mr P £200. Leeds said that as an internal remortgage, it should have completed in six to eight weeks from final appointment and should have completed by 15 February. So, Leeds also offered to reimburse the difference in the discounted SVR to the lower interest rate of 1.19% from 15 February 2023 to 14 April 2023 but it felt that the valuation fee was appropriate as a valuation fee was necessary.

Our investigator view was that the compensation offered was fair as Leeds accepted that completion should have taken place on 15 February and its offer meant that Mr P had not missed out financially because of the delay and that under Leeds's lending criteria an up-to-date valuation was necessary. Mr P disagreed saying in summary that he should get a full refund of interest from 6 January 2023 and more appropriate compensation for his distress and inconvenience.

## **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've had the advantage of listening to some of the phone calls between Mr P and members of Leeds's staff. Mr P approached Leeds initially for sounding out Leeds views on transferring his residential mortgage to his buy to let property along with his existing buy to let mortgage and then after a year to hopefully wrap them into one. But Leeds position as Mr

P accepted was that the property couldn't hold two mortgages. Mr P wanted to retain the benefits of his residential mortgage but wanted to live in his buy to let property and in order to do so decided to sell his residential property and transfer the mortgage and the mortgage product to what would now be the former buy to let property. The phone calls I listened to - before January - were amicable and informative and Mr P was pleased to know that he could achieve what he wanted to do and indeed that he could move into his buy to let property, if he wanted to do so, pending all this.

I noted that Mr P was certainly annoyed when told that he faced a valuation fee as he said that in the earlier calls that he wasn't told about that. But in order to do what Mr P wanted to do, Leeds procedures required a valuation and that meant a valuation fee and Mr P was told about it at the appropriate time - during the interview part of application process - and agreed to it, albeit reluctantly. So, I find nothing wrong in Leeds charging for the valuation. I also noted that what became an issue later - the length of time the process would take - wasn't discussed in the calls I listened to. Mr P had many questions for the Leeds staff, and I felt that they responded in a friendly and informative way. But I didn't hear him ask about the length of time involved although he clearly was involved in prior purchases which would have informed his view of the time involved.

The other issue I note is that Mr P was given to understand that the mortgage was being ported when in fact what transpired was that there was an internal remortgage. My understanding is that porting is a description of what happens when a new property is bought, a new mortgage is applied for, and the mortgage product is transferred from the old property to the new. But this was more unusual. Mr P already owned the property with a buy to let mortgage, so it was remortgaged with the old mortgage and mortgage product from his existing property. From Mr P's view point the process may have been misdescribed originally but the end product was to achieve what he wanted to achieve which was to transfer his old mortgage product to his former buy to let property.

It's accepted that Leeds provided incorrect information to Mr P and was responsible for delays that postponed the completion of Mr P's mortgage which meant that he suffered financially by paying more for his mortgage than he should have done. Leeds has accepted that he should be compensated for it and my role is to decide whether that offer is fair. There are several parts to this.

Firstly, Leeds says that it accepts responsibility for delaying completion by 8 weeks and offers compensation for that. The basis for that it says is that, it says, in general, from the final application appointment to completion should take six to eight weeks and so completion should have happened by 15 February, but it happened two months later. Our investigator considered that fair but Mr P in his response of 21 November 2023 disagrees with the six-to-eight-week timescale. Mr P says he was told this was described to him as a porting application but then an internal remortgage and a porting application would be quicker; that Leeds was complacent; that £200 does not compensate him for the inconvenience stress and uncertainty and the additional time he spent; that the valuation charge is unfair and should have been explained to him on 4 October so that he could explore other options or dispute the charge and if we are to use a start date for the application it should be 4 October.

I don't accept that this application started on 4 October. Despite what Mr P says that was clearly an exploratory interview and not the beginning of the application process. The application happens on 21 December. It's clear that Mr P had expectations that the process would be shorter than it was but despite several invitations from the mortgage adviser as to whether he had any questions, Mr P didn't raise that issue then. The impression I formed on listening is that this was an amicable interview conducted at a leisurely pace to make sure that Mr P's objectives could be achieved - which I believe they were - and with plenty of opportunity for him to ask questions and if he wanted to know the length of time of the

process he had opportunity to do so. I note that the application was described to him as a porting application as opposed to an internal remortgage. But I don't believe that this misdescription affected the time that the process took. I can't see any timing benefit of it being a porting application rather than an internal remortgage. In any case as an internal remortgage was required by Leeds to achieve Mr P to achieve its objectives, this process would have to be followed in any event.

There's another way of looking at it. The lender's role is to process the mortgage application and make a mortgage offer if appropriate. After the offer issues the lender usually a passive role awaiting the solicitor investigating title and then forwarding the completion monies after receiving the certificate of title if the title investigation is satisfactory. So, if the lender is at fault for the delay it will usually be a delay in issuing the mortgage offer. In this case, there was a delay in issuing the mortgage offer. This was caused by the lending department's failure to handle it properly when it came to them for assessment on 16 January 2023. It should have been assessed then but that assessment wasn't done until 20 February 2023 and the offer was made on 2 March 2022. So, I can point to an unacceptable delay between 16 January and 20 February of 35 days.

I've looked at whether there were unacceptable delays before that. The application was completed and submitted just before Christmas - on 21 December and clearly a holiday period intervened - but I've seen nothing to suggest that there was any substantial hold-up in the process before 16 January. Matters lie with the solicitor after the offer is issued. There may have been a short delay in instructing the solicitor, given that Mr P hoped to use another solicitor, and in processing the certificate of title but if I allowed even 10 days by my calculations that would be 45 days which is less than the 56 days delay that Leeds wants to compensate Mr P for.

So, I recognise there was a delay, but I believe that Leeds has offered fair redress to Mr P for the extra interest he paid as a result. I can see that Mr P was frustrated by the process, but he seems to have had an expectation that the process would have been quicker than it would have been even if the process had proceeded smoothly. I've no doubt that the delay caused an amount of distress and inconvenience. On the other hand, I consider that even if there had been no delay that Mr P had expectations that the matter could be completed sooner than would normally be the case and that appears to have caused him a good deal of frustration but is not the fault of Leeds. So, although I've read in detail Mr P's submissions I felt that the compensation offered by Leeds of £200 is fair and in line with our guidelines.

### **My final decision**

Leeds Building Society has already made an offer to settle this complaint by offering to pay Mr P £200 for his distress and inconvenience and to reimburse the extra interest he paid between 15 February 2023 and 14 April 2023, and I think this offer is fair in all the circumstances. So, my decision is that Leeds should pay Mr P £200 for his distress and inconvenience and reimburse him the extra interest that he paid between 15 February 2023 and 14 April 2023, unless already paid.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 27 May 2024.

Gerard McManus  
**Ombudsman**