

## **The complaint**

Mr A complains that HSBC UK Bank Plc unfairly declined to port his mortgage. He asks that HSBC refunds the early repayment charge (ERC) he paid and pays compensation for the higher cost of his new mortgage and for the distress caused.

## **What happened**

Mr A had a mortgage with HSBC. He'd taken out a fixed interest rate product which expired in late 2026. Mr A redeemed the mortgage in November 2022. He paid an ERC which would be refunded if the interest rate product was ported within six months.

Mr A started a porting application in February 2023. HSBC declined the application after the surveyor said the property wasn't suitable security.

Mr A says he told HSBC the surveyor had made a number of errors but it still refused to lend. He didn't have time to find another property before the porting window closed.

Our investigator said HSBC had dealt with Mr A's concerns about the valuation fairly. He said it was entitled to rely on the expert opinion of the surveyor, a member of the Royal Institution of Chartered Surveyors.

Mr A didn't agree. He said the lending decision was based on incorrect information (such as the amount of the service charge and whether there was cladding on the property). He said HSBC left him with only a few weeks to find another property, which was impossible.

## **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 A had taken out a fixed interest rate product. The mortgage offer set out the terms, including that an ERC would be applied if he repaid the mortgage before the product expired. Mr A agreed to this when he took out the mortgage.

The mortgage offer said the product could be ported, subject to conditions being met. This included that the application met HSBC's assessment criteria. The mortgage conditions said the money for the new loan had to be drawn down within six months of the ERC being paid. And the new property offered as security had to be acceptable.

Mr A repaid his mortgage in November 2022. HSBC sent a redemption statement which set out the ERC and said this could be refunded if the mortgage was ported within six months. Mr A had until 22 May 2023 to port his mortgage product to receive a refund of the ERC.

Mr A started a porting application in mid-February 2023. A valuation was carried out in early April 2023.

The surveyor said the property wasn't suitable security. They said the property was a flat in a high-rise block of public sector origin and this might affect saleability. The surveyor said a

form EWS1 (an external wall system fire review certificate) would be required.

Mr A said the block had never been owned by the local authority. He contacted both HSBC and the firm of surveyors. A senior surveyor reviewed the matter and agreed the property wasn't within an ex-local authority block. A new valuation report was issued. However, the surveyor said the property remained unsuitable. They said there was a sinking fund in addition to the service charge. They said the location included a number of local authority blocks. This combination meant the property was unsuitable as security due to poor saleability. The senior surveyor said even if concerns about the high service charge and local authority housing in the area were overcome there would be the issue with the cladding to look into. The senior surveyor confirmed that a form EWS1 would be required.

I can understand how disappointing this was for Mr A – especially as he says the price he'd agreed was about £100,000 less than the property's value. But I don't think I can fairly find that HSBC made an error. It appointed a suitably qualified person to value the property. It raised Mr A's concerns with the surveyor, which reviewed the valuation at a senior level. I think HSBC was entitled to rely on the expert opinion of the surveyor. Given the surveyor said the property wasn't suitable security, I think HSBC was entitled fairly to decline the application.

In mid-April 2023 HSBC said it would port Mr A's interest rate product if it was able to issue a mortgage offer to Mr A by 22 May 2023. However, it would only refund the ERC if the mortgage completed on or before 22 May 2023.

Mr A was left with only a short period to find another property and apply for and secure a mortgage offer. But I don't think it's fair to say that this was because of errors by HSBC. Mr A didn't contact HSBC to start a porting application until mid-February 2023 – almost three months into the six-month porting window. HSBC reviewed Mr A's concerns about the valuation and responded to him without any undue delay. And it offered some flexibility in saying Mr A could port the interest rate product if he received an offer by 22 May 2023.

Overall, I don't think HSBC treated Mr A unfairly or made errors. I don't think it's fair and reasonable to require it to port Mr A's product, refund the ERC or pay compensation.

### **My final decision**

My decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 8 March 2024.

Ruth Stevenson  
**Ombudsman**