

The complaint

Mr H complains about problems he's had when trying to redeem a mortgage he holds with The Mortgage Works (UK) Plc (TMW).

What happened

Mr H requested a redemption statement for his TMW mortgage which was sent to him on 29 December 2022. Mr H emailed TMW to say he'd be making a payment from his company account. On 3 January 2023, Mr H sent an email to TMW asking for confirmation that the funds had been received. He didn't receive a reply and sent another email on 9 January 2023.

Mr H still didn't receive a reply, so he called TMW on 12 January 2023. He was told that the funds had been received, the mortgage had been closed and that there was a 20-day timeframe for confirmation in writing that the mortgage was repaid.

On 19 January 2023, TMW first noticed that the funds had been sent from a limited company account, not one in Mr H's name. This went against TMW's policy, so it returned the funds to Mr H on 24 January 2023.

Mr H sent the funds back to TMW on 30 January 2023. An email was sent to Mr H on 31 January 2023 explaining that the redemption payment needed to be made from an account in Mr H's name. Mr H replied saying that the company was his, and he didn't have the facilities to make payment from a personal account.

The funds were returned again to Mr H on 1 February 2023. Mr H sent the funds back to TMW on 3 February 2023, again from his company account. The funds were returned to Mr H again and TMW called him to explain that the funds had been returned again and the reasons for this. Mr H sent the funds again on 17 February 2023 from his company account. The funds have since been returned to Mr H again. Mr H has now redeemed the majority of his mortgage, but there is still an outstanding balance which is the amount of interest he believes he shouldn't be liable for.

Mr H complained to TMW about this. He said he didn't have the facility to send this level of funds from his personal account and TMW should be able to do the due diligence required to accept the funds from a company account. Mr H also complained that TMW shouldn't be charging him interest on his mortgage when TMW had held his funds.

TMW sent its final response letter on 8 March 2023. It agreed that it initially processed the payment from Mr H's company without responding to his emails. It accepted this was an error. And it paid £125 compensation for this. It also offered to refund all interest charged on the mortgage between 1 January 2023 and 3 February 2023 as this was the date Mr H was told the funds needed to be sent from an account in his name. It didn't accept that interest shouldn't be charged during the times Mr H sent the funds back to TMW.

Mr H didn't accept this and referred his complaint to our Service where one of our Investigators looked into the complaint.

Our Investigator didn't think the complaint should be upheld. She explained that TMW was entitled to set its own processes and policies, such as where to accept redemption payments from. And that it was Mr H's decision to continually send the funds to TMW in the knowledge it wouldn't accept it. Our Investigator thought that the offer TMW had made to resolve the complaint was fair, so she didn't recommend further compensation.

Mr H didn't accept this. He said, in summary, that it wasn't fair or reasonable that he was charged interest on his mortgage whilst TMW had his funds and was trying to sort this matter out.

As Mr H didn't agree with our Investigator, the complaint has been passed to me to consider and make 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.

TMW has agreed it made a mistake. It didn't reply to Mr H's emails when he first sent the funds from his company's account. And it accepts that it didn't make it clear to Mr H that he couldn't pay from an account that wasn't in his personal name until 4 February 2023.

I've reviewed these emails and I agree that TMW should've replied sooner and missed opportunities to sooner explain to Mr H that he couldn't redeem his mortgage in the manner in which he was planning to. It also made a mistake confirming the mortgage had been closed off when it hadn't been.

However, on 31 January 2023, TMW emailed Mr H, and within this email it said:

Unfortunately as per our terms and conditions, we are unable to accept the funds if they have come from a company/limited account.

Call notes from 3 February 2023 suggest that TMW also told Mr H at this time that he would need to make the payment from an account in this personal name.

So, I'm satisfied that by 4 February, the date which TMW has offered to refund interest to, Mr H had been made sufficiently aware that he couldn't redeem his mortgage in the manner in which he wanted to.

Whilst Mr H may have disagreed with this policy, and it may have been inconvenient for him to pay in the manner TMW required him to, TMW is entitled to set policies such as this. And it offered other ways in which Mr H could redeem his mortgage such as using a solicitor. Matters such as this are a legitimate commercial decision TMW is entitled to make taking into account its money laundering obligations. I understand Mr H wanted TMW to do specific due diligence for his redemption, but it's not required to and can rely on the processes it already has in place.

Mr H has said he shouldn't be liable for interest on his mortgage during the time that TMW held his funds. But the reason TMW held his funds were due to Mr H's actions. From 4 February 2023 onwards, it was Mr H's choice to continue to send the funds back to TMW on multiple occasions. And because of this, I don't think I can fairly ask that TMW not charge interest on his mortgage during this time. Ultimately, his mortgage hadn't been redeemed, and there's no reason TMW should have to offset the funds it held against the mortgage after it had told Mr H it wouldn't accept the redemption in this manner.

For these reasons, I think TMW's offer to refund all interest between 1 January 2023 and 3 February 2023 is fair and reasonable. And I'm not going to ask it to refund anything further in this regard.

It's clear this has had an impact on Mr H. He was led to believe his mortgage had been repaid only to be told that he couldn't repay it in the manner he wished to. This caused a delay of around a month. However, some of the inconvenience caused to Mr H has been because of his insistence of paying from his company account and sending the funds to TMW, after he was told on multiple occasions this wasn't acceptable to TMW.

I've thought carefully about this, but I'm satisfied that the £125 compensation is fair and reasonable to reflect the distress and inconvenience caused specifically by TMW's mistake.

As our Investigator explained, our Service can only consider a complaint once the business has had a chance to respond. Since the complaint has been referred to us, Mr H has complained about how he's been treated by TMW in relation to the amount still owed on his mortgage and the potential impact this may've had on his credit file. As all of this occurred after TMW issued its final response letter, I can't consider that here. Mr H would need to first raise this with TMW and then, if he remained unhappy, refer that to us as a new complaint.

Putting things right

The Mortgage Works (UK) Plc should refund the interest it charged on Mr H's mortgage between 1 January 2023 and 3 February 2023 and any interest that has been charged on this amount since. It should also pay Mr H £125 compensation for the distress and inconvenience this matter has caused.

My final decision

I uphold this complaint and direct The Mortgage Works (UK) Plc to put matters right as set out above.

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

Rob Deadman
Ombudsman