

## **The complaint**

Mrs S complained that Fleet Mortgages Ltd took an unreasonable amount of time to renew her Buy To Let ("BTL") mortgage. She said she paid a higher rate of interest for three months, and Fleet hadn't refunded all the overpayment, or paid interest or compensation.

## **What happened**

Mrs S's remortgage application was made to Fleet at the end of April 2023, but she said it wasn't agreed and actioned until August. She said Fleet offered to refund some of the extra costs she had incurred because of this, but not all of them, and had made no allowance for compensation or interest. Mrs S said this not only cost her money she couldn't afford and had to borrow, it also caused a huge amount of stress.

Fleet set out a detailed timeline of events. It said it had written to Mrs S on 2 February and on 29 March, telling her that her existing rate would expire on 30 April 2023. But Mrs S's application wasn't started until 26 April. A decision in principle ("DIP") approving a product switch for Mrs S was accepted on 3 May. A full remortgage application was then submitted.

Fleet emailed the broker on the same day this application was made, because the application the broker had made, didn't match the lending which had been provisionally agreed in the DIP. Fleet told the broker then it had amended the application to match the DIP. Some documents were received on 17 May, and the broker was told on 24 May that a new declaration and direct debit mandate would need to be supplied. These were received on 25 May.

However, it wasn't until 2 June that the broker questioned Fleet's change to the requested mortgage product, and clarified that Mrs S did want a remortgage after all. On 5 June, Fleet agreed it would honour the interest rate discussed earlier, but the application would need to be rekeyed. Fleet asked for agreement to this on 5 June, it chased again on 6 June. The broker replied on 8 June.

Fleet received further documentation after this. There were some issues with a bank statement that couldn't be read, and a tenancy agreement which somehow didn't record the address of the tenanted property. The valuation was also delayed as the tenant didn't attend the first appointment, but it was quickly rearranged.

Fleet accepted that it was then responsible for a delay of just over three weeks, between 20 June to 12 July, when no progress was made. Once the application was back on track, various other administrative issues were quickly resolved, and the offer was made on 17 July. The new rate was implemented at the end of July.

Fleet said it wasn't reasonable to expect the mortgage to have completed before the end of May. But it would put Mrs S in the position she would have been in, if the mortgage had completed then. So it would pay Mrs S the difference in her payments made in June and July, compared to what she would have paid on the new rate if the mortgage had completed sooner. It said that added up to £623.94.

Mrs S said she hadn't been aware that Fleet had changed its funder, and this meant the mortgage had to be underwritten again, rather than just switched. Mrs S said if she'd known this earlier, she may have applied earlier. But she wasn't convinced that it wasn't possible to achieve completion by the end of May. She said Fleet caused delays by cancelling the survey planned for May, and she said there were duplicated document requests which caused delay. She said she'd had to submit bank statements and tenancy documents twice.

Mrs S also said that Fleet had made no payment for compensation. She said she'd had to find extra money each month. She said to Fleet that if her complaint was referred to the ombudsman, then Fleet would have to pay for that. So she asked for £400 in compensation, to avoid a referral. Mrs S said if Fleet wouldn't pay that, she would like the payment it had offered now.

Fleet wouldn't increase its offer. It then paid what it had previously offered, and the case came to our service.

Our investigator produced a view saying she didn't think this complaint should be upheld.

Mrs S replied to challenge this, and say she would like more detail of the issues we'd considered, to show how we'd reached our conclusions. Our investigator then wrote again, and she changed her view to say that Fleet should add interest to the payment it had previously made.

Our investigator said the application for this mortgage was only initiated on 26 April 2023, four days prior to the existing interest rate expiring. The DIP was accepted on 3 May 2023 and a full application for an internal re-mortgage with an interest rate of 4.59% was submitted on the same day. Our investigator noted that Mrs S's mortgage had already moved onto the standard variable rate ("SVR") before the full application was made.

Our investigator set out the timeline of the application and its consideration in detail. She said that overall, the process from application to offer took around 3 months.

She didn't think that Fleet had made a mistake, in changing the application type and contacting the broker to confirm this, as soon as the full application was made. She noted Fleet didn't get any response to this until June. She didn't think Fleet had to do more here than honour the previously discussed rate, as it had offered to do. She wouldn't ask it to refund interest for May too.

Our investigator said Fleet explained the timescales and processes required for a re-mortgage on 2 June 2023. So she thought Fleet had made the broker aware of the time it would take to process an application. Our investigator also said that she could see Fleet had explained why it needed to request bank statements and a tenancy agreement twice. She didn't think that was Fleet's fault.

Our investigator said she couldn't say if the mortgage could have been amended in some way before the end of April. But she said it wouldn't have been possible to do a remortgage within this timescale. She didn't think the process here was unreasonable.

However, our investigator did say that when Fleet refunded Mrs S's additional interest for June and July, it didn't apply interest to that. So she said she'd ask it to pay this now.

Fleet replied to object. It said the interest payment would be less than £10. It had paid the refund promptly, and didn't think it would be appropriate to add interest. It also said if it agreed to this, then the case would be considered as upheld – an indication that Fleet had not provided a fair and reasonable outcome on this complaint before the case came to us.

Fleet thought it had done that, so it said it objected to the case being treated otherwise.

Mrs S felt Fleet's rejection of a request for a further £10 of payment was an indication as to its conduct and culture. And she wanted our service to comment on whether her broker was also at fault here. She thought the documents that Fleet had to request a second time, ought to have had an initial check sooner. Mrs S also said there was clearly a delay by Fleet, that was accepted by all sides, so she wanted this case to be reviewed by an ombudsman. This case was then passed to me for a final decision. And I then reached my provisional decision on this case.

### **My provisional decision**

I issued a provisional decision on this complaint and explained why I did not propose to uphold it. This is what I said then:

The initial application for a mortgage decision in principle ("DIP") which provides a provisional indication of a lender's intentions, was made on 26 April. This DIP application was made on Mrs S's behalf by her broker. And it was for a product transfer.

When the full application was then keyed, this was for a remortgage, not a product transfer. I should say here that it is not usual for a DIP to be requested for one mortgage product, then a full application to be made for an entirely different product.

Fleet was, at that time, offering a better rate for internal remortgages than it was offering for a product transfer. We know now that Mrs S did want an internal remortgage. That application would be subject to much more exhaustive checks, and so could be expected to take longer. I don't think it was reasonable to expect that an internal remortgage application submitted on 26 April could have been completed by the end of April.

But Fleet says it didn't know at the start of May that Mrs S wanted an internal remortgage. There was a clear mismatch between the DIP application and the full application which followed. I do think this mismatch would, without explanation, tend to make the lender think that a mistake had been made. So, in these circumstances, I don't think it was unreasonable for Fleet to think the second, full application for the remortgage may well have been a mistake, and to amend this application to match the original DIP application.

I have seen that Fleet emailed the broker about this on 3 May. This email does say that the application for Mrs S has been substantively amended, and it also mentioned a higher interest rate than that initially applied for. Fleet's notes from the time say it tried to call the broker too, but with no answer.

The broker appears to have continued to work on this application during this time, because some documents were received by Fleet in the second half of May. However, the confusion over the product type wasn't resolved until early June. On Friday 2 June the broker contacted Fleet about this, and on Monday 5 June, Fleet said it would now process the application as an internal remortgage, and it would also honour the rate that Mrs S had applied for at the end of April.

I understand Mrs S takes the view this caused a delay of almost a month in approving her remortgage. However, I don't think the action Fleet took, in amending the second, full application to match the first, was unreasonable. And I haven't been able to see that the subsequent delay until the start of June 2023 was wholly or mainly because this amendment was made. I should also note that it's not clear to me that any application

could have proceeded in advance of documents being supplied to Fleet, and the first set of documents don't appear to have been received until the second half of May.

I think the steps that Fleet then took in early June to get Mrs S's application back on track were fair and reasonable.

A valuation was then instructed, and re-arranged as the tenant didn't attend the first appointment. I think that this was re-arranged very quickly. Fleet had requested a second copy of bank statements, because it couldn't open the first one to verify Mrs S's overdraft limit. And once the valuation was done, Fleet noted that there was a problem with the tenancy agreement, as it didn't include the security address. This too was resolved within a couple of days.

There is then a break in consideration of the application, of just over three weeks, between 20 June and 12 July. Fleet doesn't have an explanation for this, it has apologised for it.

Fleet then continued to process Mrs S's remortgage, and an offer was made and accepted in mid-July. The new rate was applied to her mortgage at the start of the following month, August. However, in August, Fleet offered to backdate this rate to the start of June, and it refunded Mrs S £623.94 in overpaid interest. Fleet paid this promptly, on 13 August.

I don't think it was ever likely to have been possible for Fleet to complete Mrs S's remortgage application by the end of April. So I would not have expected any new interest rate to be applied before the start of June, at the very earliest. For that reason, I don't think that Fleet also has to refund interest for May.

I've considered what our investigator suggested, that Fleet should also pay interest on the payment it has already made. I've also considered Mrs S's request for compensation during this period. She says she was badly affected by the delay, and had to borrow money to cover the additional costs during this time.

Fleet doesn't want to pay the additional amount our investigator suggested, although this amounts to less than £10. Mrs S says that this shows Fleet's approach to her case. However, I understand that Fleet objects not to this amount per se, but rather that if it accepts this suggestion from our investigator, this complaint will be noted as having been upheld by our service. Fleet doesn't want that on its records, when it has argued strongly that it had already provided a fair and reasonable outcome to this complaint, before the case was considered by our service.

Having considered the complaint in full, I do think that there was clearly a delay of about three weeks which Fleet was responsible for. And there are perhaps points when more prompt action by Fleet could have saved a day or two. However, there have also been both short and substantive delays in this remortgage, which I cannot fairly and reasonably hold Fleet solely responsible for. So, overall, I think that Fleet, in refunding two months of interest, has refunded interest for a period which is rather longer than the delay I currently think it could reasonably be considered to have caused here.

I know that Fleet hasn't paid anything which it has classified as "*compensation*" or "*interest on the overpayment*". But I think Fleet has refunded more in interest than I would have said it was obliged to pay here. For that reason, I do think the payment Fleet has already made, provides a fair and reasonable outcome to this complaint.

Mrs S has also asked our service to comment on the extent to which her broker might be responsible for the delays in her remortgage completing. But this complaint is brought against Fleet, the mortgage lender, so I don't think it's appropriate to comment on that here.

I know that Mrs S will be disappointed, but I don't think this complaint should be upheld.

I invited the parties to make any final points, if they wanted, before issuing my 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.

Mrs S replied to say that her main concern was that the questions she'd raised previously hadn't been answered. She wanted to know what my experience was, before commenting further on the final decision.

I replied to Mrs S, saying that I didn't think it was appropriate for me to comment on this. And it wouldn't be in keeping with the independent nature of our service, to allow either side to choose the ombudsman who considers their complaint.

I also explained that it's not uncommon for decisions of our service to summarise the events surrounding a complaint in less detail than the parties involved. That just reflects the informal nature of this service. I said I wanted to reassure Mrs S that I had read and considered everything on file, and where I hadn't commented on a point raised, that's because I was satisfied I didn't need to do so, to fairly reach a decision.

I also noted, more specifically, that, although Mrs S had asked us to comment on the extent to which her broker might be to blame for any delays, my provisional decision explains I didn't consider it would be appropriate here to apportion any blame to a third party, who isn't involved in this complaint and has had no opportunity to submit evidence or argument in this case. That remained my view when Mrs S wrote to our service, and it remains my view now.

I allowed an extended deadline for Mrs S to comment further, if she wished. That deadline has now passed, and Mrs S hasn't replied. Fleet also hasn't commented on my provisional decision.

So, neither side has offered further evidence or argument in this case, and I haven't changed my mind. I'll now make the decision I originally proposed.

### **My final decision**

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs S to accept or reject my decision before 21 June 2024.

Esther Absalom-Gough

**Ombudsman**