

The complaint

Mr and Mrs M complain about the mortgage they took out with Coventry Building Society. They say the mortgage was mis-sold as they weren't informed about Coventry's lending policy and how this might affect them when they tried to port the mortgage. Mr and Mrs M were unable to port their mortgage and say Coventry's lending criteria are unfair.

Mr and Mrs M say Coventry attempted to delete internal records and was evasive, dismissive and disrespectful in how it dealt with them. They complain that the property valuation carried out on Coventry's behalf was too low, it committed data breaches and didn't agree to extend the porting window while it dealt with their complaint.

Mr and Mrs M ask that Coventry agrees to port the mortgage or refunds the early repayment charge (ERC) of about £18,000.

What happened

Mr and Mrs M took out an interest only mortgage with Coventry in 2022. They contacted Coventry in late 2022 as they were thinking about moving.

Mr and Mrs M say they weren't given key information about Coventry's lending policy when they took out the mortgage or when they contacted it in late 2022.

Assuming they'd be able to port the mortgage, Mr and Mrs M agreed to sell their property. They intended to buy a house which Mr M owned jointly with a family member. However, their porting application didn't meet Coventry's lending criteria. Because Mr and Mrs M didn't port the mortgage product, they had to pay the ERC, lost the good interest rate they were on and were unable to buy the house they wanted. Mr and Mrs M raised a complaint.

In response to Mr and Mrs M's complaint, Coventry offered to review their application. The valuation of the property was lower than Mr and Mrs M had expected. Coventry offered to instruct a second, physical valuation. Mr and Mrs M cancelled the application. They say this was due to stress. At this time, Mr M was the victim of identity theft and possible fraud.

In mid-2023 Mr and Mrs M raised further complaints. They said Coventry committed data breaches when it sent letters to the wrong address. They said the property valuation was deliberately low, to stop them from porting. They asked Coventry to suspend the porting deadline while the complaint was resolved.

We told Mr and Mrs M that we can't look into all of their complaints. We can't look into their complaints that they weren't given full information about Coventry's lending criteria when they took out the mortgage or asked about porting, that's its criteria are unfair or how Coventry dealt with them regarding their porting application. That's because they brought these complaints to us more than six months after Coventry issued its final response. This was outside our time limits.

We can look into the complaints that Mr and Mrs M first raised in mid-2023, which they did bring to us within our time limits.

Our investigator said there was no evidence Mr and Mrs M had been financially impacted by Coventry sending letters to their previous address. Our investigator said Coventry's offer of £250 and to cover the £25 cost of a CIFAS registration was fair and reasonable in the circumstances. He said Coventry didn't make an error when it sent letters regarding the mortgage application to the address in the application form.

Our investigator said Coventry's offer to instruct a physical valuation of the property was fair. He said there was no requirement for Coventry to suspend or extend the porting window.

Mr and Mrs M didn't agree and asked that an ombudsman re-consider their complaint.

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.

Letters sent to Mr and Mrs M's previous address

Mr and Mrs M say Coventry sent letters containing their personal data to their previous address. When they received the letters they'd been opened.

Mr and Mrs M asked Coventry for a copy of their call recordings in mid-February 2023. On 10 March 2023 they asked it to update their address as they'd sold their property. Coventry updated Mr and Mrs M's address in its systems on 14 March 2023. The call recordings and a separate letter with the password had been sent to their previous address earlier that day.

Mr and Mrs M ask whether it's reasonable for Coventry to take four days to update their address. 10 March 2023 was a Friday. Mr and Mrs M's address was updated in Coventry's systems two working days later. I think that's reasonable.

Coventry had sent the letters by special delivery so it could track what happened to them. Royal Mail said the letters were not delivered to Mr and Mrs M's previous address. They were re-directed in accordance with the re-direction Mr and Mrs M had put in place. The address was overseas. Royal Mail said if the letters were opened this could have been when they went through customs.

Mr and Mrs M say this matter was particularly serious as Mr M was the victim of identity theft and fraud at about this time. Coventry says it was told by Mr and Mrs M on 10 March 2023 (before it sent the letters on 14 March 2023) that someone was attempting to use Mr M's identity and a provider had disclosed his bank details. Mr and Mrs M say they were aware by 10 March 2023 that someone impersonating Mr M had made suspicious calls to other providers seeking to obtain information. However, they say they weren't aware until the end of March 2023 that Mr M was the victim of identity theft and fraud.

Mr and Mrs M received the letters sent by Coventry. They say the letters had been opened. While I appreciate their concern about this, there's no evidence the letters were opened by anyone intending to misuse the information they contained. They could simply have been opened when going through customs. As the suspicious calls made by someone impersonating Mr M started before Coventry sent the letters with the call recordings and password, I think it's unlikely this was related to the letters sent by Coventry. There's no evidence that any information contained in the letters has been misused.

Mr and Mrs M say the identity theft and fraud had a significant impact on them, and especially on Mr M. While that's understandable, Coventry wasn't responsible for the fraud and identity theft. This isn't something I can fairly ask it to pay compensation for.

Mr and Mrs M say they were caused additional worry by Coventry sending information to their previous address. I need to take into account here that the letters were redirected to the address Mr and Mrs M had provided to Royal Mail and they were received by Mr and Mrs M.

Coventry upheld this part of Mr and Mrs M's complaint and offered £250 compensation for the distress and inconvenience caused and £25 to cover the cost of using the protective registration service offered by CIFAS. I think that's fair. I don't think it's fair and reasonable to require Coventry to pay further compensation or take any further steps regarding this part of Mr and Mrs M's complaint.

Letters sent to the property Mr and Mrs M wanted to buy

Mr and Mrs M say Coventry sent letters to the property they wanted to buy at the end of March 2023. They say this upset the family member living in the property.

In response to Mr and Mrs M previous complaint, Coventry offered to re-consider their request to port their mortgage product and refund the ERC. This was offered as an exception outside its usual process. Mr and Mrs M needed to submit a re-mortgage application for the property that Mr M part owned, which would be transferred into Mr and Mrs M's names at completion.

Coventry says the correspondence address must match the security property in a re-mortgage application. The broker put the security property as Mr and Mrs M's correspondence address in the application form. This meant that letters relating to the application were sent to the security property. Mr and Mrs M say Coventry put its processes first and failed to consider the human element. But Coventry didn't know the family member living in the property was unaware that Mr and Mrs M had made an application to re-mortgage the property and would be upset when he saw the letters.

I don't think this was an error by Coventry. I don't think it's fair and reasonable to require it to pay compensation or take further steps regarding this part of Mr and Mrs M's complaint.

The valuation

The valuation of the property that Mr M part owned was lower than Mr and Mrs M expected. They say this was deliberate, to prevent them porting.

Coventry appointed a suitably qualified valuer. I think it was entitled to rely on the valuer's expert opinion. Nonetheless, when Mr and Mrs M's broker raised concerns, Coventry offered to instruct a physical valuation of the property. I think this was fair. I don't think it's fair and reasonable to require Coventry to pay compensation or take further steps regarding this part of Mr and Mrs M's complaint.

Extension of the porting period

Mr and Mrs M cancelled the re-mortgage application in early April 2023. The six-month porting period expired on 23 August 2023. Mr M contacted Coventry on 29 July 2023 saying he intended to make a complaint. He asked for the porting deadline to be suspended pending a resolution to their complaint.

Mr and Mrs M say they cancelled the application due to the stress caused by the identity theft and the process itself. They told the broker and their accountant the numbers didn't work to allow them to provide their family member with enough money to downsize. They said they weren't sure what to do next, and might move overseas.

Mrs M said they cancelled the application in early April 2023 as the valuation felt like the final straw. However, Coventry offered to instruct a second, physical valuation. Coventry told Mr and Mrs M's broker they'd need to re-instate the application within 28 days, which Mr and Mrs M didn't do. Coventry wasn't responsible if the broker didn't explain the deadlines to Mr and Mrs M.

Coventry didn't agree to suspend the porting deadline. I don't think that was unreasonable. Coventry wasn't responsible for Mr and Mrs M's application not progressing after early April 2023, which resulted in them missing the porting deadline. I don't think it's fair and reasonable to require Coventry to extend the porting window, port the mortgage product outside the porting window or refund the ERC.

Putting things right

Coventry upheld Mr and Mrs M's complaint about the upset caused by letters sent to their previous address. It offered £275. Mr and Mrs M didn't accept this, and so it seems the compensation has not yet been paid. If Mr and Mrs M accept this decision, Coventry should pay them £275 as it offered to do.

My final decision

My decision is that Coventry Building Society should pay £275 to Mr and Mrs M as it offered to do (unless of course this had already been paid).

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M and Mrs M to accept or reject my decision before 22 August 2024.

Ruth Stevenson
Ombudsman