

The complaint

Mr and Mrs P say that The Co-operative Bank Plc ("Co-op") gave them wrong advice about when they could make an overpayment to their mortgage. They want Co-op to backdate their payment to the first possible point when it could have been made.

What happened

Whilst this complaint is brought by both Mr and Mrs P, as the mortgage is in both their names, our dealings have been with Mr P. So I'll mainly refer to him in this decision.

Mr P said he called Co-op in early March, to find out when he could make an overpayment to his mortgage. Mr P said he had a very long wait for the call to be connected, well over an hour. He said that on this call he was told he could next make an overpayment, without paying a penalty, later in March 2024.

Mr P said he rang back in late March (Mr P says this was on 26 March but Co-op says it was a day earlier) to make that payment. Mr P said he again had a very long wait to speak to Co-op, almost an hour. But he said he was then told he could have made this overpayment in January. Mr P said if he'd been given the right information on the first call, he would have made the payment then. So he complained. Mr P said that Co-op then called again and said late March was the right date.

Mr P said he wanted to know why the dates he'd been given were different. And he also said he'd asked for his monthly payments to be adjusted at the end of March, to take account of the large overpayment he'd made. And he'd emailed Co-op a number of times since, to follow up on that request, but Co-op still hadn't done that.

Mr P said Co-op hadn't even begun to look at his complaint. He wanted us to look into things for him.

When this case came to our service, Co-op said it had been very busy since it had merged two sets of mortgages onto one system. It understood Mr P would have found it frustrating to have such a long wait for his calls to connect.

Co-op said it was sorry about the confusion over Mr P's overpayment dates. It said his 10% overpayment allowance runs from 1 February each year to 31 January the next year. It was sorry it had given him wrong advice about this, when he called on 4 March.

Co-op said it wouldn't automatically recalculate monthly payments when someone makes a large overpayment. It said customers have to ask for that if they want to do it right away.

Co-op said it was also sorry it hadn't been able to respond to his complaint more quickly.

Co-op said it wanted to offer Mr P £100.00 in compensation for the distress and inconvenience caused by its call wait times and the confusing information provided. It said it would also backdate the interest on the overpayment, so it would be treated as if it was received on 4 March 2024.

Our investigator thought this offer from Co-op was fair for the call wait times and confusing information, and he agreed it should backdate the interest. But he said he also thought Co-op should recalculate the payments on the mortgage following the overpayment made by Mr P, because on 4 March 2024, Mr P said he wanted this done and the agent said they'd include that on the call back request they set up for him.

Mr P didn't agree. He said he wanted £250 in compensation, and he wanted Co-op to backdate his interest to 31 January 2024.

Our investigator said that he didn't think Co-op had to pay £250 to provide a fair outcome here, but he would ask Co-op if it wanted to raise its compensation offer to settle the case. And he said it wouldn't be fair to ask Co-op to backdate the interest on the overpayment to 31 January, because Mr P didn't try to make a payment then. He hadn't spoken to the bank about overpayments until 4 March. If Co-op hadn't made a mistake on that call, Mr P would have made his overpayment then. But he wouldn't have paid any earlier than this.

Mr P said he still wanted £250 in compensation. He said that Co-op could have resolved this without the intervention of our service, but it didn't. He said he would have accepted £100 if it had been offered at an early stage.

Our investigator asked Co-op about that, and it didn't want to increase its offer. Because no agreement was reached, this case then came to me for 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.

I've reached the same overall conclusion on this complaint as our investigator.

I've listened to the call Mr P had with Co-op on 4 March, and it's clear that Mr P was given wrong information on this call. If Mr P hadn't been given this wrong information, then it seems likely that he would have made his overpayment on that call. So I think it's right for Co-op to backdate the payment Mr P made on 25 March, as if it was made on 4 March.

I also think that Mr P asked on 4 March, for Co-op to recalculate his monthly payments to take account of the overpayment he had made. Co-op hasn't sent our service the call Mr P had on 25 March, when the overpayment was made, but it seems likely that Mr P also asked for his monthly payments to be recalculated on that call. So I think Co-op should recalculate Mr P's monthly payment now.

Co-op sought to explain the reason for the confusion about Mr P's overpayment date on a call on 27 March. Like Mr P, I don't think this was a very helpful explanation. And Co-op didn't follow this up with a letter to him, to respond to his complaint.

Mr P also said that he had very long waits for his calls to connect. So I do think Mr P has had poor service from Co-op, and Co-op should pay some compensation in this case. I think Co-op's offer of £100 for that does provide a fair and reasonable outcome to this complaint.

Mr P said that he would have settled this case for that much, if Co-op had offered it earlier. He thought Co-op should pay more, because he'd been put to the trouble of complaining to our service. But I note that on a call on 27 March, two days after his complaint was lodged, Mr P was already talking about bringing this complaint to our service. And when Mr P did bring his complaint to our service, he initially rejected our investigator's view for two reasons, not only because he thought Co-op should pay more compensation, but also because he

wanted Co-op to backdate his overpayment to the end of January 2024.

Considering these points, I can't say it's most likely that if Co-op had offered £100 earlier to settle this complaint, Mr P would have accepted that rather than refer this complaint to us. I think it was always a little more likely Mr P would have asked our service to look into things.

For the reasons set out above, I think that the offer Co-op made of £100 and backdating of Mr P's payment to 4 March 2024, plus the recalculation of Mr P's monthly payments, does provide a fair and reasonable outcome to this complaint.

My final decision

My final decision is that The Co-operative Bank Plc must –

- Rework Mr and Mrs P's mortgage, so that the overpayment Mr P made on 25 March 2024 takes effect from 4 March 2024.
- Recalculate Mr and Mrs P's monthly mortgage payments, taking account of this overpayment.
- Pay Mr and Mrs P £100 in compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs P and Mr P to accept or reject my decision before 28 October 2024.

Esther Absalom-Gough

Ombudsman