

The complaint

Mr and Mrs R complain that Coventry Building Society wouldn't transfer the mortgage offer from a property that they were buying to another one.

What happened

Mr and Mrs R got a mortgage offer on a property from Coventry on 20 July 2022, revised because of a price reduction on 29 November 2022, with an expiry date of 3 February 2023. That offer was extended until 17 March 2023 at the request of Mr and Mrs R due to probate delays with the vendor. Mr and Mrs R were concerned that the purchase may not have gone through and spoke to Coventry in early January about changing the offer to another property and say that they were told it was possible. So, Mr and Mrs R made an offer on another property which was accepted and asked Coventry to transfer the mortgage offer to the other property. Coventry refused saying it was outside current lending policy guidelines. Mr and Mrs R were able to get a mortgage offer from another lender but at a less favourable rate than the offer from Coventry.

Our investigator didn't recommend that this complaint should be upheld as he felt that Coventry had done nothing wrong. Mr R and Mrs R disagreed and asked for a review.

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 considered this complaint at length and the several points that Mr R has made in support of his complaint. I've considered each point and Mr and Mrs R's general view that they have not been treated fairly although each separate point will not be referred to individually in the body of the decision.

Mr and Mrs R believe that the mortgage offer should have made it clear that the mortgage offer couldn't be moved to another property and that the offer should have specified the conditions that would apply if an application to transfer to another property was made so that they were aware of them and could have complied. They set out several objections to Coventry's processes which I've summarised below:

- The mortgage documents don't say that the mortgage offer could not be moved to another property and the 30-day period is nowhere specified and should be.
- Mr and Mrs R were never told about the 30-day deadline.
- It was reasonable for Mr and Mrs R to rely on the 17 March as the expiry date for the purposes of the 30-day period.
- Coventry's 30-day rule prevented them accessing the mortgage offer. They were not informed about this, and this breached consumer protection regulations.

- The 30-day rule was a recent change of Coventry's internal policy, and they might have succeeded under the old rules.

Coventry provided Mr and Mrs R with a mortgage offer to buy a specific property set out in the mortgage offer document. The first page of the revised mortgage offer says:

"This Offer is valid until 03-FEB-23 ... Should you wish to proceed after this date a new Offer will need to be authorised and will only be issued with a product available at that time. Conditions will be subject to the Society's lending policy at that time and may be subject to payment of further fees."

When Mr and Mrs R got the mortgage offer from Coventry it would have been clear to them that the mortgage money was available to them up to the 3 February 2023 for the purchase of the property set out in the offer. The offer doesn't say that the property is substitutable or transferable and is clearly restricted to the property specified in the mortgage offer. Mr and Mrs R could not require or expect Coventry to extend the term of the offer, after all, they agreed to a termination date on the offer of 3 February. The terms of the mortgage offer were as set out above that if Mr and Mrs R couldn't complete the purchase by then, they would need to re-apply for the mortgage and apply for a new mortgage product.

Mr and Mrs R's issue is that Coventry wouldn't extend the mortgage offer beyond the 3 February 2023 to allow them to substitute another property for the one stated in the mortgage offer. But as a starting point, Mr and Mrs R would reasonably expect that if they couldn't complete on the property stated in the mortgage offer by 3 February, they would have to apply for a new mortgage and a new mortgage product. That's obvious from the terms of the mortgage offer. So, in general terms it's difficult to say that Coventry acted unfairly if it complied with the terms of the mortgage offer which Mr and Mrs R agreed to.

This complaint is complicated because Coventry offered a number of concessions where it wouldn't require strict adherence to the terms of the mortgage offer in certain circumstances. Mr and Mrs R's broker told Coventry on 25 January that they couldn't complete the original purchase by 3 February because of probate delays and required more time to complete and by way of a concession got an extension for the purpose of completion until 17 March. Having got the extension for that purpose, the broker then the following day asked that a new property be substituted for the property that the extension was asked for.

Coventry at the time also had a concession that if the sale falls through during the currency of the mortgage offer and the customer is able to substitute an alternative property more than 28 days before the termination date of the mortgage offer, it may allow a substitution.

So, Mr and Mrs R having obtained an extension for one reason, to buy the original property, wanted to use it for another reason namely not to buy that property and substitute another one instead. It seems clear to me that the extension was granted for a specific purpose to assist Mr and Mrs R in the buying the property they told Coventry that they intended buying and not to extend the time of the mortgage offer to allow them more time to substitute another property for the one they said they were buying. If Mr and Mrs R's purpose was to substitute one property for another by way of concession, that concession applied to the timeline of the original offer. Was this unfair to Mr and Mrs R? I don't consider it was given that under the terms of the mortgage offer, they couldn't have expected to substitute a property in any event.

Coventry offered a concession at that time that if a purchaser couldn't complete on the specified property within the mortgage offer period and found an alternative one the purchaser may be able to transfer the mortgage offer to another property if he/she meets the terms of the concession contained in Coventry's internal policies. The terms at the relevant

time included that the application should be made 28 days before the original offer expires – in this case 28 days before 3 February. Coventry's rationale for the time period is that with a transfer of the property, that space will allow a reasonable period for the new purchase to complete within the time scale of the original mortgage offer..

Coventry's never held out that it would transfer the property so, Mr and Mrs R couldn't expect that it would. It does offer a concession but because Mr and Mrs R applied too late, they couldn't take advantage of it. As I understand it the concession is contained in an internal policy and that Coventry were willing to talk about this to Mr and Mrs R's broker, but it doesn't appear in the terms and conditions of the mortgage available to Mr and Mrs R. It's not a term of the mortgage offer - which is that the mortgage is restricted to the property intended to be bought - but a concession to assist customers if the first purchase falls through and if the second purchase can be done within the time period of the original mortgage offer, Coventry may amend the property on the mortgage offer. Mr and Mrs R say that the information about the working of this internal policy wasn't made available to them and is an example of a customer not being treated fairly,

I can understand why it doesn't appear in the terms of the mortgage offer. The mortgage offer isn't transferable, and the concession seems set out purely to assist customers who may face difficulties in the mortgage process if they fit within the policy. Its internal policy sets out the circumstances when it can assist and of course it's free to change these internal policies as it appears to have done and indeed the operation of the concession could be withdrawn. Should Mr and Mrs R know before they take out the mortgage what these internal policies are?. Mr and Mrs R should know the terms of the mortgage offer and that its restricted to the property they intend to buy of which they were aware. But as this is a concession and liable to change, I don't consider that it would be helpful to know beforehand policies that may change or be withdrawn. as customers could be induced to make decisions based on information which might change and so could be misleading.

As I say above, I've considered at length the arguments that Mr and Mrs R make in support of their position, but my view, for the reasons set out above is that Coventry has done nothing wrong, and I can't fairly uphold his complaint.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs R and Mr R to accept or reject my decision before 15 November 2024.

Gerard McManus
Ombudsman