

The complaint

Mr C is unhappy with the delay by The Co-operative Bank Plc trading as Platform (and referred to here as Platform) in approving a shortfall sale of one of his rental properties. Mr C says that, as a result of the delay, he lost rental income, for which he would like to be reimbursed.

What happened

I won't set out the full background to the complaint. This is because the history of the matter is set out in the correspondence between the parties and our service, so there is no need for me to repeat all the details here. In addition, our decisions are published, so it's important I don't include any information that might lead to Mr C being identified.

In addition, Platform has acknowledged there was delay, and upheld the complaint. However, Mr C wasn't happy with the compensation offered. I therefore don't need to analyse the events in detail in order to determine whether Platform is at fault; all I need to decide is whether Platform has done enough to put things right, or if there is more it should do.

So for these reasons, I will instead concentrate on giving a brief summary of the complaint, followed by the reasons for my decision. If I don't mention something, it won't be because I've ignored it; rather, it'll be because I didn't think it was material to the outcome of the complaint.

In September 2023 Mr C contacted Platform because he wanted to sell one of his rental properties, but this would leave a shortfall on the mortgage. As part of its process, Platform had to carry out a signature check. Because the mortgage had been taken out in 2005, Platform needed to order the file from storage. However, on 18 October 2023 it was noted that the information was in the electronic records for the mortgage account.

On 2 November 2023 it was noted that the signature on the shortfall application didn't match the signature on the mortgage. Platform was going to contact Mr C to ask him to send in ID, but then further signatures were found on file which matched the signature on the shortfall sale documents.

Mr C wasn't happy about the delay in approving the signature and complained to Platform. The complaint was upheld, and Platform offered Mr C £75 compensation, which he rejected. Mr C argued that he could have rented the property out and so has lost substantial rental income.

Thereafter, in line with its process, the property needed to be valued by Platform. The valuation came in at £130,000, which was £10,000 more than the sale price Mr C had agreed with his buyer. Platform said it wouldn't agree to a sale at less than £130,000. After some negotiation, and counter-offers from his buyer, Mr C confirmed on 4 March 2024 that the buyer would pay £130,000 for the property.

Mr C raised his complaint with our service on 18 March 2024. An Investigator looked at what had happened. She thought Platform should do the following:

- Reduce the mortgage interest by two months for September and October 2023;
- Reimburse Mr C for council tax for September and October 2023, on Mr C providing evidence of payment;
- Pay Mr C £200 for distress and inconvenience.

Platform accepted the Investigator's findings, but Mr C did not. It therefore falls to me to issue 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 will begin by noting that Mr C also raised other issues with our service in relation to the mortgage – a term extension and additional borrowing. However, these don't appear to have been raised with Platform and so Mr C will need to raise these issues first with Platform.

It's unfortunate there was a delay in Platform locating Mr C's signature on file, and I'm glad to see that Platform has acknowledged its mistake in this respect. But overall I'm not persuaded that this delay has resulted in Mr C losing rental income. Mr C's plan was to sell the property, not to rent it out, and it needed to have repairs carried out due to water damage.

However, the delay of two months in resolving the issue with the signatures caused Mr C both upset and increased the mortgage account balance. (I note here that Mr C wasn't actually making the mortgage repayments, but his account balance increased.)

I therefore agree with the Investigator that Platform should deduct the mortgage interest payments for September 2023 and October 2023 from the account balance.

Mr C is also unhappy that he was liable for council tax on the property during this period. Generally, costs incurred when a rental property is unoccupied are expenses a professional landlord such as Mr C must factor into the cost of running his business. But as this was an avoidable delay by Platform, I'm satisfied that, if Mr C is able to provide evidence that he paid the council tax on the property for September 2023 and October 2023, Platform should reimburse this to him.

Whilst I note approval of the shortfall sale took some time, I'm not persuaded Platform is at fault here. The property had to be valued, and it was within Platform's discretion to decide that it wouldn't consent to a sale below the valuation figure. I'm satisfied this was a decision Platform was entitled to reach. The mortgage term had expired eight years earlier, and Mr C had previously sold another property in his portfolio mortgaged to Platform at a shortfall. Platform was entitled to ensure that this was a sale "at arm's length" for the full amount of the valuation. Therefore any delay in the buyer agreeing to this isn't Platform's responsibility.

Overall, I'm satisfied the compensation Platform has agreed to pay is fair and reasonable for the distress and inconvenience caused in relation to the delay in locating Mr C's signature on file. I'm not persuaded there is any basis on which Platform can be held responsible for any other losses or expenses Mr C says he has incurred after that.

Putting things right

To put things right, Platform must do the following.

- Reduce the mortgage interest by two months for September 2023 and October 2023;
- Reimburse Mr C for council tax for September 2023 and October 2023, which is conditional on Mr C providing evidence of payment for that specific property;
- Pay Mr C £200 for distress and inconvenience.

My final decision

My final decision is that The Co-operative Bank Plc trading as Platform must pay Mr C the redress set out above.

This final decision concludes the Financial Ombudsman Service's review of this complaint. This means that we are unable to consider the complaint any further, nor enter into any discussion about it.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 25 November 2024.

Jan O'Leary
Ombudsman