

The complaint

Miss C and Mr T complain that Yorkshire Building Society gave them incorrect information about paying their mortgage from the offset savings account. They said this has caused them a great deal of stress.

What happened

Miss C and Mr T have a mortgage with Yorkshire and have had this since 2008. The mortgage product they were on, was due to expire on 31 January 2024. Miss C said she called Yorkshire on 18 January 2024 to discuss the options that would be available to them, and they arranged a mortgage appointment with an adviser at Yorkshire for 25 January 2024.

On 1 February 2024, Miss C and Mr T decided to transfer their mortgage onto the offset 5.87% fixed rate until 31 January 2026. They said it was their intention to fully offset the mortgage and wanted to make payments of £300 per month towards the mortgage. Miss C said the adviser told her that she could do this by setting up a regular payment from the offset savings account when she had discussed her options on 25 January 2024.

Miss C said she spoke with Yorkshire on 16 February 2024 and was told that she had previously been given incorrect information about setting up a direct debit from the offset savings account into the mortgage – as Yorkshire said they were no longer able to offer this feature on the account.

Miss C has said she is vulnerable and suffers from severe anxiety as well as having some other health issues, and it was important for her to arrange the payment of £300 direct from the offset savings account. She has explained that she has now had to arrange for a direct debit to be taken from another account to pay the mortgage, but this means her having to go to a branch which is around one and a half hours from her home – to transfer the funds from the offset account to the account where the direct debit is being paid from. Miss C said that Yorkshire said she could make the transfers online – but she has explained that due to her circumstances, she is unable to do this.

Miss C has explained that had she of known that she couldn't make the payments from the offset account – like she was told she could – she would have explored other options in order to suit her circumstances.

Miss C and Mr T have raised several complaints with Yorkshire which I will summarise below, in order of the dates that the final responses were sent from Yorkshire.

Yorkshire sent a final response letter dated 29 February 2024 which covered the following complaint points:

- Miss C and Mr T are unhappy that payments of £300 cannot be set up. They were also sent a letter saying that the monthly payment would be £265.37.
- Miss C was told she would be able to pay the mortgage from the offset savings account so she feels this product has been mis-sold.
- Miss C and Mr T are unhappy that they received letters which were confusing.
- Miss C was unhappy that Yorkshire's automated system would not recognise her.

Yorkshire offered to pay £75 for the inconvenience caused.

Yorkshire sent a follow up final response letter dated 8 April 2024 which covered the following complaint points:

- Miss C and Mr T are unhappy with the response they received from Yorkshire on 29 February 2024. They wanted the complaint to be reopened but this hadn't been done.

Yorkshire offered to pay an additional £30 to Miss C and Mr T as they didn't reopen the complaint when they should have done.

Yorkshire sent another final response letter dated 10 May 2024 covering the following complaint points:

- Delays in opening the offset savings account so Miss C and Mr T believe they have paid more interest.
- A letter which they received was confusing as it stated a payment due was £265.37.
- Miss C and Mr T were mis-advised that they could set up a direct debit from the offset savings account.
- Miss C was unhappy that each time she telephones Yorkshire, she has to wait for a long time to speak to someone

Yorkshire agreed there was some inconvenience to Miss C and Mr T, so they offered £150 to recognise this.

Yorkshire sent another follow up final response letter dated 28 May 2024 covering the following complaint points:

- Miss C and Mr T believe the balance on their mortgage doesn't add up and they think they have paid more interest than they needed to.
- The letters they received dated 8 and 16 February 2024 are confusing.
- They were promised a call back which didn't happen.

Yorkshire increased the redress it paid to Miss C and Mr T from the last final response letter from £150 to £300.

So Yorkshire offered to pay Miss C and Mr T £405 in total for the distress and inconvenience they caused them for all the issues raised above.

Miss C and Mr T brought their complaint to the Financial Ombudsman Service. The specific complaint they brought was the fact that they were given incorrect information by Yorkshire about setting up a direct debit from the offset savings account – and the impact that this had had on them, especially for Miss C.

One of our investigators looked at the complaint and didn't think that Yorkshire had acted reasonably. She thought that Yorkshire should increase the award they made to Miss C and Mr T from £405 to £750 in total – so an extra £345. She was also persuaded that Miss C and Mr T may not have opted to take out the offset mortgage had they of been given the correct information to start with. So as the mortgage product is a fixed rate which holds an early repayment charge, she thought that Yorkshire ought to waive the early repayment charge if Miss C and Mr T decide to end the fixed rate early.

Miss C and Mr T responded and were not happy with the outcome. They said that the £405 that they had been paid by Yorkshire is not because the mortgage was mis-sold and didn't think it was right to conflate the complaints. They said they hadn't brought the other complaints to our Service yet.

The investigator responded to Miss C and Mr T and explained that the complaints were all interlinked as Yorkshire had commented on the incorrect information, they gave Miss C and Mr T on more than one final response letter. She said she was happy to consider any new complaints that Miss C and Mr T would like to bring to our Service.

Miss C and Mr T said that the redress of £750 should be for the fact they were given the wrong information and not because of the other issues, such as their service, the balance being incorrect etc.

As Miss C and Mr T didn't agree with the investigator, they asked for the complaint to be reviewed by an Ombudsman, so it's been passed to me to decide.

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.

Having considered everything very carefully, it's evident that Yorkshire have made an error in giving Miss C and Mr T incorrect information. They have offered to pay Miss C and Mr T £405 in total for the inconvenience that Miss C and Mr T have been caused.

I'm pleased to see that Yorkshire have agreed to increase the compensation to £750 in total as recommended by the investigator, and they have also agreed to waive the early repayment charge should Miss C and Mr T decide to exit the fixed rate before it expires on 31 January 2026.

The issue seems to be that Miss C and Mr T do not want us to consider the redress that Yorkshire have paid them for the 'other issues' they have encountered as these complaints have not been brought to our Service yet.

From what Miss C and Mr T have told us, and the information that has been provided by Yorkshire, there are multiple issues that Miss C and Mr T have complained about. But the only complaint that has been brought to our Service is the one specifically about the incorrect information they were given by Yorkshire about the offset savings account. I have not considered the other issues that Miss C and Mr T have complained about as I know they have not set up a complaint with us about those.

This means, that the redress that we have told Yorkshire to pay for £750 is specifically for the incorrect information that they were given about setting up a direct debit from the offset savings account.

I agree with what the investigator said in that I am persuaded that Miss C and Mr T may not have opted to take out the offset mortgage had they of been given the correct information when they had a meeting with the adviser on 25 January 2024.

Miss C has given us detailed explanations about how her anxiety affects her and I am grateful for the fact that she has provided this information. Although Yorkshire have agreed with the outcome, I think it's fair to say that this has had a big impact on Miss C and Mr T.

Miss C has had to travel to a branch which is between an hour and an hour and a half away in order to arrange for the transfer of funds from one account to the other, so that the direct debit can be paid to her mortgage. This is something that she wouldn't have had to do if she was given the right information in the first place – as I think they would have done something different. Miss C has had to do this for a few months now which has caused her additional stress. So I think that the £750 that Yorkshire have agreed to pay is fair and reasonable in the circumstances of this specific complaint. I also think Yorkshire agreeing to waive the early repayment charge should Miss C and Mr T decide to exit the fixed rate, is fair.

So to make it clear to Miss C and Mr T, I am directing Yorkshire to waive the early repayment charge should they wish to exit the mortgage early – before 31 January 2026. And the £750 - which includes the £405 already paid by Yorkshire - is purely for the fact that they were given incorrect information and for the impact that had on them.

Miss C and Mr T have said they will bring the other complaint surrounding the issues they have encountered, namely their mortgage balance being incorrect and the fact they think they have been charged too much interest – to our service when they are ready. If this complaint should be upheld – which we won't know until we look at it – then any redress will be separate to the £750 already paid.

However, Miss C and Mr T will need to ensure they do this within the six months of the final response letter which was issued in order for us to look into that complaint. If they wish to do this, they should contact the investigator so that she can set this up for them.

My final decision

For the reasons given above, I uphold this complaint and direct Yorkshire Building Society to:

- Pay Miss C and Mr T £750 for the distress and inconvenience paid, which includes the £405 that has already been paid.
- Waive the early repayment charge that Miss C and Mr T will incur on their mortgage, should they wish to exit the fixed rate before the expiry date.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss C and Mr T to accept or reject my decision before 23 December 2024.

Maria Drury
Ombudsman