

The complaint

Mr and Mrs H complain about the service they received from Yorkshire Building Society (YBS) when they re-mortgaged to it from another lender.

What happened

In November 2023 Mr and Mrs H applied to YBS for a mortgage. The interest rate product on their mortgage with another lender was ending in March 2024 and they wanted to move to YBS for a better interest rate. They applied online, without the involvement of an adviser.

YBS issued a mortgage offer in December 2023. In February 2024 Mr and Mrs H contacted YBS to try to change the interest rate product, because they had seen a lower rate was available. They were able to get the lower rate, and a new offer was issued on 16 February 2024. The new mortgage was due to complete on 2 April 2024, which was the first working day after the Easter bank holidays. YBS therefore released the mortgage funds on 28 March 2024.

Mr and Mrs H complained to YBS in February and March 2024. They were unhappy with YBS's service and also that of the law firm YBS used, and said they had been caused delay, frustration, inconvenience and wasted time. They also complained about the payments they had to make to their mortgage in March and April 2024, because they had to pay their previous lender on 31 March and YBS on 11 April. They hadn't been expecting to have to make two mortgage payments in such a short space of time, and the payment to their previous lender was around £4,000 – around £2,000 more than usual, because the interest rate had changed to a variable rate. This came at a time when they had another unexpected bill to pay and it affected their overall finances.

YBS accepted its service had fallen short in some respects. It apologised and paid Mr and Mrs H £325 by way of compensation. But it said it had done nothing wrong in terms of their monthly mortgage payments, and that it couldn't have told them to cancel their direct debit to their previous lender because this could have caused problems if the completion date was moved.

Mr and Mrs H accepted YBS's response about all their complaint points except the one about the payments. They asked the Financial Ombudsman Service to look into their complaint about that. Our Investigator concluded that YBS hadn't done anything wrong, so she didn't recommend that it apologise or pay any compensation.

Mr and Mrs H didn't accept that conclusion and asked for a review. They still considered that YBS had failed to communicate with them and support them appropriately, and they had been left in a difficult position as a result.

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.

Mr and Mrs H have explained that having to make two large mortgage payments unexpectedly within a short space of time caused them some difficulty. They had been paying around £2,000 each month to their previous mortgage lender. Their first payment to YBS on 11 April was just over £3,000, and the payment to the previous lender on 31 March was around £4,000 – so they had to pay around £7,000 in total. Mr and Mrs H have also pointed out that they had never re-mortgaged before and they didn't use a broker in this transaction, so they were reliant on their lenders and the conveyancing solicitors to explain things clearly and help them through the process.

I've carefully considered everything Mr and Mrs H have said, as well as YBS's submissions. Having done so, I don't consider that YBS did anything wrong in terms of its communication with Mr and Mrs H about their mortgage payments.

YBS provided the new mortgage to Mr and Mrs H on an execution-only basis. This meant it couldn't give them advice. That's not to say that it wasn't required to communicate with them clearly – it was, and it was required to act in line with the requirements of the Consumer Duty.

I'm satisfied that YBS did that. It was clear with Mr and Mrs H about how their mortgage with it would operate. The mortgage offer said:

What happens next?

[...]

Interest will be charged from the day the loan monies are sent to our legal adviser. Between then and the end of that calendar month, there will accrue some interest ("Initial Interest") which will not be collected by your monthly mortgage payment. You must pay the Initial Interest 14 days after completion of your loan. We will send you details of your Initial Interest payment, your monthly payments and the dates on which they become due shortly after completion of your loan.

If completion of your loan is delayed for any reason, interest will be payable for the period of the delay.

The issue here was that Mr and Mrs H's old mortgage interest rate ended on 31 March 2024. That was a Sunday, which isn't a working day, so their new YBS mortgage couldn't complete on that date. If they had completed on the new mortgage and repaid the old mortgage before that date, their previous lender would have charged them an early repayment charge. The next possible date for completion was Tuesday 2 April, because Monday 1 April was a bank holiday.

The conveyancing solicitors asked YBS to release the mortgage money on the working day before the completion date – that was Thursday 28 March, because Friday 29 March was also a bank holiday. YBS followed those instructions and charged Mr and Mrs H interest from 28 March, in line with terms of the mortgage. It then collected the first monthly payment on 11 April, again in line with the terms of the mortgage. That first payment included the interest payable for the last few days of March as well as the payment for April, so it was slightly higher than usual. Mr and Mrs H's previous lender also called for a payment on 31 March, because the new mortgage hadn't completed by then.

I can't decide a complaint about the other lender here – that's the subject of a separate complaint. But I don't think that YBS did anything wrong. It applied interest and collected payments in line with the terms of the mortgage. And in releasing the mortgage funds on 28 March ready for completion on 2 April, it acted on the instructions it was given by the

solicitors – who were acting on Mr and Mrs H's behalf in setting the completion date. The decision on when the new mortgage should complete wasn't YBS's decision. That was a decision for Mr and Mrs H to make, together with the solicitors in their capacity of acting for them in this transaction. I understand that Mr and Mrs H have made a separate complaint to the solicitors.

YBS wasn't in a position to have told Mr and Mrs H to cancel their direct debit to their previous lender. Cancelling those payments before the new mortgage completed could have resulted in their previous mortgage going into arrears, and those arrears being reported on their credit files. Mr and Mrs H, not YBS, would have known their usual payment date with their previous lender, and it was for the previous lender to tell Mr and Mrs H about changes to the amount of their monthly payments, and then to refund any overpayments.

For these reasons, in all the circumstances I don't consider it appropriate to make any order or award.

My final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H and Mrs H to accept or reject my decision before 16 December 2024.

Janet Millington
Ombudsman