

The complaint

Miss J and Mr S's complaint about Skipton Building Society (SBS) relates to their application to port their existing mortgage to a new property.

What happened

Miss J and Mr S had a joint mortgage (the mortgage) with SBS. On 1 March 2024 Miss J contacted SBS to discuss porting it to a new property. She explained that Mr S had recently changed his job and was working under a fixed term contract. She asked the call handler (CH) if it was acceptable to use Mr S' income in the application to port the mortgage. Miss J says the CH referred the matter to a senior underwriter whilst she was on the phone who confirmed Mr S' change in employment would be all right as he had a continuous employment history. She obtained a decision in principle (DIP).

Miss J called SBS again when she had received an offer on her own property and also had her offer accepted on the property she was buying. It was during this call that the CH told her that Mr S being on a fixed contract would not be acceptable.

Miss J was unhappy because she had been told otherwise and had worked on the basis she wouldn't have to pay a broker fee or the early repayment charge (ERC) on the mortgage, because it was going to be ported. She felt she and Mr S had wasted time looking for properties to buy and missed the opportunity to rent other affordable properties.

SBS explained that the DIP provided on 4 March 2024 was when Miss J had said she was looking to borrow £355,250. A second DIP was provided on 15 March 2024 when the amount had increased to £369,250. It was then that Miss J and Mr S had an appointment with an SBS mortgage advisor on 16 March 2024.

At that time, their existing mortgage was just under £208,000 and as they were seeking an increase of around £161,000 to their borrowing, this would have increased their monthly mortgage payments by around £700.00. SBS said it was therefore important that any increased borrowing was affordable in the short and long term, and so on 18 March asked Miss J and Mr S for proof that Mr S' then current employment would be made permanent, which Miss J had previously indicated it would. But Miss J and Mr S were unable to give such confirmation, which led SBS to say they could not proceed with the application at that time.

Miss J and Mr S were unhappy with SBS' final response and so approached this service to see if we could assist in resolving the dispute. Our investigator thought that SBS hadn't done anything wrong and had dealt with the complaint fairly. Miss J and Mr S didn't agree and asked for the complaint to be passed to an Ombudsman 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 know the parties provided more detail than set out in the above summary, but I have focussed on what I see as the key issues, because it reflects the nature of our service, that being an informal dispute resolution service and an alternative to taking Court action.

My approach is to look at what happened and determine whether I think a business has been unfair or unreasonable. We are an impartial service and so we don't take sides – I'll only ask a business to take further action if there is enough evidence to justify doing so.

If I've not mentioned something in my summary then this isn't because I've ignored it, it's simply because I don't need to comment on every individual argument to be able to reach what I think is the right outcome. Naturally, I have considered the views of both Miss J and Mr S and SBS together with the available evidence.

I am unable to tell SBS who they should or shouldn't lend to. I can only look at what has happened and check SBS followed its rules and procedures and applied them fairly to Miss J and Mr S as it would to any other customer.

I've listened to the call recording of Miss J calling SBS on 1 March 2024. She explained she and Mr S had accepted an offer on their home but had not found a property to purchase. She said Mr S had started a new job in January 2024 on a lucrative six-month contract with a view to it becoming permanent. He had worked continuously for his former employer for 11 years and his P45 showed he left that employment in November 2023. She was concerned about the gap in employment and the effect of this upon any mortgage application they might make. She explained that under the arrangements of him leaving his former employment he had been paid his full salary for November and December. She also explained that Mr S had been employed in the same line of work for the past 15 years and had never been unemployed. She said that if the six-month contract ended in June 2024 she expected Mr S would find further work immediately and there wouldn't be a gap in his employment.

The CH said if SBS were provided with the payslips Mr S would not be considered to have a gap in his employment. She also confirmed that if the mortgage were to be ported then a full affordability check would need to be carried out, and that she had confirmed with an underwriter that Mr S being on a fixed term contract was okay. The CH explained Mr S and Miss J could request a DIP in order to check the affordability of a proposed mortgage but that would require a soft credit search. If they were wishing to port their mortgage they would need a valid DIP and for offers to be accepted on the property being sold and purchased.

A DIP does not bind a lender to lend to a customer and it is always subject to a full application being made and assessed in line with the lenders lending criteria. The DIP's make it clear on the face of the document that the amount stated that could be borrowed is subject to the completion of the application process in full.

SBS has provided a copy of their lending criteria which I've looked at carefully. As our investigator has made clear this is not a document which can be shared with Miss J and Mr S because of its commercial sensitivity. That said, applying the circumstances of Mr S employment to SBS's lending criteria, the critical point is that at the time of Miss J's enquiry and the DIPs being produced, Mr S was only a few weeks into a six-month fixed term contract with there being no evidence, then, that he was to be taken on in a permanent capacity. Those circumstances don't satisfy SBS lending criteria.

Also of importance, is that Miss J had confirmed to the CH that Mr S' six-month contract was with a view to it becoming permanent, but when they could not produce evidence of that

some two to three weeks later, I find it reasonable that SBS declined to take their application any further.

The issue therefore becomes not whether there was any gap in Mr S's employment, rather that he was unable to show that he was, or was going to be, on a permanent contract. It is these circumstances which mean that SBS's lending criteria were not satisfied.

So, I find that SBS have followed their policy as they would in any other comparable situation and with any other customer, so their decision is not unfair. Whilst I understand Mr S and Miss J feel as though they wasted time and incurred expense, as I've not seen anything showing me SBS acted unfairly towards them, I won't be asking SBS to do anything further about this complaint.

My final decision

For the reasons set out above I do not uphold the complaint.

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

Jonathan Willis
Ombudsman