

The complaint

This complaint is brought by Mr F in his capacity as director of a limited company I will refer to as X. The complaint is against OneSavings Bank Plc trading as Kent Reliance (and referred to here as KR).

Mr F says that when he enquired about taking out new interest rate products on X's buy-to-let (BTL) mortgages in September 21022, he was given misleading information. As a result, Mr F says X has suffered financial loss, for which he wants KR to compensate the company.

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 F or X being identified.

In addition, KR has acknowledged Mr F was given incorrect information about the product switch process. So I don't need to analyse the events in detail in order to establish if KR is at fault; all I need to determine is whether KR has done enough to put things right, or if there is more that needs to be done.

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.

On 2 September 2022 Mr F spoke to KR about changes to X's mortgage accounts. At the time, nine of X's accounts were on five-year fixed-rate products which weren't due to expire until October 2023. Mr F asked what would happen when the existing products ended and KR said it would write to him three months prior to the products expiring. Mr F asked if he would be eligible for the product on offer at the time KR wrote to him and it was confirmed he could choose from the products on offer at that time.

Mr F then asked if he could choose a new product early and pay an early repayment charge (ERC). KR confirmed he could and Mr F provided a product code for a five-year fixed-rate product. KR explained that a "*product transfer choices request*" had been raised for the nine properties and Mr F would receive documents in seven to ten days. This would include illustrations for each mortgage.

Mr F then asked to change his address. KR confirmed an address update would take five to six working days, so the choices request would need to be raised again after this was done. Mr F then told KR to continue with his current address.

KR asked Mr F to call once he'd received the choices documents and it would then arrange the address update. Mr F then asked if the same product would be available for his other three accounts, and KR confirmed they would, subject to ERCs. Mr F then asked for the

other three mortgages to be included in the choices request too, which KR confirmed it would do. Mr F was asked to call back around 15 September 2022.

Unfortunately, during this call Mr F was given incorrect information.

On 14 September 2022 KR withdrew the five-year fixed-rate product Mr F had been interested in. On 15 September 2022 Mr F spoke to KR again when he called for an update. At this point, it was explained to Mr F that, for five of his accounts, it hadn't been possible to determine a valuation, so KR would need to carry out a full valuation. KR also explained that the product Mr F had been interested in was no longer available.

Mr F queried this, saying that he thought he had a "*verbal contract*" with KR for the new products. However, KR explained that, because the process hadn't been completed, new interest rate products hadn't been put in place. KR also explained that, due to the need for a full valuation on some of the properties, it wouldn't have been possible in any event to secure the initial products as the valuations couldn't have been carried out in time.

Mr F complained, saying that KR had offered him product transfers to five-year fixed rates at 3.44% on all his accounts. Mr F said he was entitled to rely on these offers.

KR didn't uphold the complaint, but offered Mr F £250 compensation for the delay in dealing with his complaint. KR explained that no mortgage offers had been issued.

Dissatisfied with KR's response, Mr F escalated it to our service. An Investigator looked at what had happened. In addition to the £250 KR had offered, she noted that KR had offered an additional £250 compensation for poor customer service.

Overall, the Investigator thought this was fair and reasonable. She wasn't persuaded that X would, as Mr F said, have gone to another lender. The Investigator also explained that a conversation with a mortgage adviser didn't create a binding mortgage offer.

Mr F didn't accept the Investigator's findings and asked for an Ombudsman to review the complaint. Mr F said that his complaint should be split into twelve separate complaints for each separate mortgage account, with compensation for the losses incurred by X awarded for each account.

Mr F also said that, when the products on nine of his mortgages expired in October 2023, he switched these to tracker rates with KR, which he says are "*unaffordable*". Mr F said that if he'd re-financed these on fixed rates on September 2022, X would not now be sustaining monthly losses that are causing him financial hardship.

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 explain first that the Financial Ombudsman Service is independent of both consumers and the businesses they are complaining about. This means that we don't act for consumers, nor do we take instructions either from consumers or businesses, or allow either party to direct the course of our investigations; were we to do so, it would compromise our independence and impartiality. It's up to us to determine what evidence we need in order to investigate a complaint.

Given this, although I've noted Mr F's demand that this complaint should be split into twelve separate complaints for each of X's mortgage accounts, it is not up to him to decide how we deal with complaints. The event giving rise to the complaint arises out of a single phone call, and so it is appropriate that this is dealt with as one complaint against KR.

I'm satisfied that KR did not issue any mortgage offers for any of the product switches Mr F discussed. Although Mr F believes there was a "*verbal contract*" with KR, that is not how mortgage products work. KR will only issue a mortgage offer when it is satisfied that its lending criteria have been met.

In this respect, KR has acknowledged that it should have explained on 2 September 2022 that it would need to carry out valuations of the properties, in order to determine the relevant loan-to-value ratios which would determine which products would be available to X. It should also have been explained that, if desktop valuations weren't possible, a physical valuation would have been necessary.

Mr F found out about the need for valuations on 15 September 2022, by which time the product he'd wanted had already been withdrawn. It's worth mentioning here that KR's customer-facing staff will not be told in advance when a product is to be withdrawn; that's a decision made at senior level.

Mr F says that if he'd been told about the need for valuations on 2 September 2022, he'd have gone elsewhere and re-mortgaged X's portfolio with another lender. I'm satisfied that this would have involved broker fees (as most BTL lenders will only accept applications for new mortgages through brokers), ERCs on redemption of X's KR mortgages and valuation and legal fees to put new mortgages in place.

Mr F hasn't provided any compelling evidence to show what other products he was looking at in September 2022, and indeed he didn't re-arrange his mortgages onto new products until October 2023, when he took out new tracker products with KR. No advice was given by KR about this. These are unregulated mortgage products, and KR doesn't provide an advisory service. It's up to Mr F, as X's director, to obtain his own advice about the company's mortgages from his own independent financial adviser.

In the circumstances, I'm not persuaded KR can be held responsible for the continuing losses Mr F is claiming on behalf of X. As I said above, there were never any binding mortgage offers issued by KR, and it was Mr F's decision to re-arrange X's borrowing onto tracker rates in October 2023.

Putting things right

KR has acknowledged that Mr F was given incorrect information during the call on 2 September 2022, for which it offered £250 compensation. I'm not persuaded that, even if Mr F had been given the correct information about the need for valuations, he'd have done anything different.

KR has also accepted that it didn't respond to the complaint in a timely manner, and a further £250 has been offered for this. Overall, I think the total compensation of £500 is fair, reasonable and proportionate in the circumstances. Mr F knew on 15 September 2022 that the product he wanted was no longer available, and so he could have taken steps at that point to find another lender, if he'd wanted to do so.

I know this isn't the outcome Mr F was hoping for. He's under no obligation to accept this decision on behalf of X, in which case it won't be legally binding. Mr F would then be free to pursue his grievances against KR in court, should he wish to do so.

My final decision

My decision is that OneSavings Bank Plc trading as Kent Reliance must pay X compensation of £500. I make no other order or award.

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 F on behalf of X to accept or reject my decision before 23 December 2024.

Jan O'Leary
Ombudsman