

The complaint

Miss B complains about problems encountered with her mortgage lender, OneSavings Bank Plc trading as Kent Reliance. When it wouldn't allow her to transfer the joint mortgage into sole names she repaid it – but she says Kent Reliance gave her solicitor an incorrect redemption figure, leaving a shortfall of around £20,000.

What happened

Miss B and her former partner had a joint mortgage with Kent Reliance. In 2023 she told Kent Reliance that they had separated and she wanted to transfer the mortgage into her sole name. When that application wasn't approved, she decided to remortgage to a new lender instead.

Ahead of completion of the new mortgage, Miss B's solicitor asked for a redemption statement. Kent Reliance sent a redemption statement which included only the main mortgage balance, not a separate further advance balance. This meant that the redemption statement was for around £20,000 less than Miss B owed. The solicitor repaid the balance set out on the redemption statement and Miss B's new mortgage completed.

However, this meant that Miss B still had an outstanding balance with Kent Reliance, which she discovered when it continued to try to collect payments from her. It also meant that it retains a charge over her property, which it won't agree to remove while the debt remains outstanding – meaning her new lender can't register its mortgage as first charge.

Miss B complained. She complains about the error in the redemption. She also complains about how Kent Reliance has treated her, including that it has ignored her requests to communicate in writing and keeps calling her, and that it hasn't met its regulatory obligations or treated her fairly.

There were other parts to Miss B's complaint too. But when she brought it to us, our investigator said that some parts of Miss B's complaint had been brought out of time, because she hadn't referred them to us within six months of Kent Reliance's final response to her initial complaint. Our investigator said that we couldn't consider what had happened around the request to transfer the mortgage to her sole name, because that was out of time. But we could consider the problem with the redemption statement, Kent Reliance's requests for further payments, and how it had treated her over this time including her request to only communicate via email.

Neither party disagreed with that, so the investigator went on to consider the merits of those parts of the complaint. He said that it wasn't in dispute that Kent Reliance gave the wrong figures on the redemption statement, because it only included the main balance and not the further borrowing account. Miss B's solicitor paid the amount in the redemption statement on completion of her new mortgage.

The investigator said it wouldn't be fair to expect Kent Reliance to write the remaining balance off, because Miss B did owe that amount. He hadn't seen any evidence of financial loss, and he thought Kent Reliance's offer of £350 compensation for distress and

inconvenience was fair. He said that Kent Reliance's contact with Miss B wasn't unreasonable. And he said it wasn't unreasonable for Kent Reliance to continue to try to collect payments while the balance remained outstanding. Miss B didn't agree and asked for her complaint to be reviewed by an ombudsman.

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.

Miss B and her former partner had a joint mortgage with Kent Reliance, with account number ending 762. By the time of these events, the balance was around £195,000. The mortgage was on a fixed interest rate and in an early repayment charge (ERC) period.

In 2022, they took further borrowing. This was set up as a separate account, with a separate account number ending 121. By the time of these events the balance was around £20,000. This account was also on a (different) fixed rate and also in an ERC period.

Although both accounts were secured by the mortgage over Miss B and her partner's property, they were treated as completely separate accounts by Kent Reliance. They had separate account numbers, separate annual statements were issued, and there were separate direct debits collecting separate monthly payments each month. To all intents and purposes, Miss B and her former partner had two separate mortgages, albeit both secured by the same charge in favour of Kent Reliance.

Following her separation from her former partner, they agreed that Miss B would take over the mortgage and property into her sole name, in return for a lump sum paid to him. Miss B initially applied to transfer the existing mortgage with Kent Reliance into her own name, but it didn't agree. As our investigator explained, we can't consider this part of Miss B's complaint because she referred it to us more than six months after Kent Reliance's final response.

Following the refusal, Miss B decided to apply for a new mortgage, in her sole name, with another lender. She contacted a mortgage broker who recommended a mortgage with a lender I'll call H. An application was submitted and H offered Miss B a new mortgage. Miss B instructed solicitors I'll call O to complete the re-mortgage.

In early March 2024 Miss B completed a questionnaire as part of instructing O. The questionnaire asked for Miss B's account number with Kent Reliance, and she said it was "[redacted]762". It also asked for the approximate outstanding balance of the mortgage to be repaid and Miss B said "£220,000", and that it was to be paid off in full at completion.

O then requested a redemption statement from Kent Reliance. Kent Reliance sent a redemption statement for account 762. The statement said the balance was £194,588.30, and the redemption sum would be £202,750.98 (including an ERC and administration fee). The statement said:

"This redemption statement does not include redemption figures for other mortgage account(s) you may hold with us for the above property:

- [redacted]121"

O accepts that it did not appreciate the significance of this and did not request a redemption statement for the 121 account.

As the transaction progressed, O requested an updated redemption statement in April 2024.

Again, it only asked for and received a statement for account 762, with a revised redemption balance of £202,699.32. This statement also included the same note about redemption figures for other accounts.

Miss B's new mortgage completed in early May. O sent the funds set out on the redemption statement to Kent Reliance. This was enough to pay off account 762 – but not account 121, which therefore remained outstanding.

Once this came to light, O requested a further redemption statement for account 121 – this had a redemption balance of £20,292.31, also including an ERC. But by then, the new mortgage had completed. As the borrowing with Kent Reliance hadn't been paid off in full, its charge couldn't be removed, and H's charge couldn't be registered over the property as first charge.

I've seen no evidence that leads me to conclude that the balances set out in these redemption statements were incorrect. In particular, ERCs were properly chargeable – and included in the redemption balances – for both loans, because Miss B would be repaying them during a fixed interest rate period while an ERC applied. An ERC is always payable if a mortgage ends during a fixed rate period; Miss B would have had to pay an ERC even if there had been no issues with the redemption. I'm satisfied that the total redemption amounts, for both accounts, were correct.

I think the key issues I need to consider are, firstly, how this situation arose – and, in particular, whether Kent Reliance was at fault – and, secondly, whether Kent Reliance has acted fairly since then as Miss B has tried to get things resolved.

Was Kent Reliance at fault in not providing correct redemption information

I think it was – but I don't think it was solely to blame. I'll explain why.

It's clear that Miss B knew broadly what her outstanding balance was. She told O that it was around £220,000 at the beginning of March 2022. Although the actual balances were less than this, it was a reasonable approximation of the amount needed to redeem when including the ERCs (the actual combined total of the two accounts was around £223,000). And Miss B would have been aware from the various statements and correspondence sent prior to then that she had two separate mortgage accounts with separate account numbers. But she only quoted one account number to O in its initial questionnaire – the 762 account.

When O asked Kent Reliance for a redemption statement, it quoted the 762 account number Miss B had given it, but not the 121 account number she hadn't told it about. But O did also say:

“Please ensure the statement includes all monies payable to you in respect of your secured charges against the property including any further advances or other outstanding sums.”

So while O only asked specifically for a redemption statement on one account, it did ask Kent Reliance to make sure that it also included any other monies due. Kent Reliance didn't do this.

But the redemption statement Kent Reliance did issue included the note I've quoted above – that there was another account not included on the statement. O accepts that it should have noted this and asked for details of the other account but didn't do so.

I haven't seen details of Miss B's application to H. I have seen its mortgage offer. The new

mortgage with H was for £231,999 plus a £999 product fee. I've noted that in its email responding to her complaint, O said the Kent Reliance accounts couldn't both have been redeemed, because factoring in the 121 account there would have been a shortfall of £12,089.30. In other words, the mortgage from H wasn't enough to cover the full amount needed to redeem the Kent Reliance mortgage and also pay the amount Miss B and her former partner had agreed would be paid to him in return for transferring ownership of the property to her.

I agree that's the case – the combined balance of the two Kent Reliance mortgage accounts was around £223,000. Adding the £20,000 Miss B had agreed to pay her former partner to release him from the property and mortgage, she would need around £243,000 – but was only borrowing £232,000. To be able to repay her existing mortgages and pay off her former partner, she would need to borrow at least enough to cover both amounts, or make up the shortfall herself.

Either way, it's clear that she understood that she would need around £220,000 just to repay the mortgage – since she told O in early March that she thought her mortgage balance was around £220,000 (which, including the 121 account and the ERCs, was a broadly accurate estimate) – as well as the amount of the lump sum to pay to her former partner.

That being the case, I would have expected Miss B to have borrowed enough from H, or be in a position to make up the shortfall herself. She applied for the H mortgage through a broker and would have agreed with the broker what amount to apply for before O was instructed.

It's not therefore clear why the mortgage offer from H was for £12,000 less than she needed. Either Miss B didn't apply to borrow enough, or she did but H offered less than she applied for, or she was always intending to make up the shortfall from her own resources.

Either way, the borrowing amount with H was in place by early March, when the first redemption request was made to Kent Reliance. So even if Kent Reliance had sent both redemption statements in either March or April, Miss B would still have been faced with a shortfall of £12,089.30, and unable to pay off the Kent Reliance mortgage in full without either going back to H to apply for an increase in its mortgage offer or making up the difference herself. And I think that would – or reasonably should – have been clear to Miss B all along. She knew what she needed to pay Kent Reliance, she knew what she had agreed to pay her former partner, and she knew what H had offered to lend.

In other words, it's clear to me that it wasn't solely Kent Reliance's failure to provide both redemption statements that meant that Miss B wasn't able to clear both mortgages. She knew about both, although O didn't. It wasn't providing only one redemption statement in March and April that set the amount Miss B was borrowing from H; the mortgage application was made before that.

Even if Kent Reliance had provided the 121 redemption statement in March or April, Miss B still wouldn't have been able to redeem the mortgage in full using only the borrowing from H. She would still have been left with a £12,089.30 shortfall – either she would have had to make up the shortfall herself, apply for a larger mortgage with H, or be unable to repay Kent Reliance. That is the position she finds herself in now.

For that reason, I don't agree that Kent Reliance's failure to provide both redemption statements is the sole or root cause of the failure to redeem both accounts. Kent Reliance's failure to provide both statements certainly didn't help matters – but the underlying problem of insufficient borrowing from H was not Kent Reliance's fault.

It therefore seems to me that there were several things that went wrong, which – in combination – led to the Kent Reliance mortgage not being paid off in full:

- Either Miss B or her broker didn't apply for a large enough mortgage to H, or H didn't offer enough and Miss B didn't follow up on the need to make up the difference to reach the amount needed herself. Miss B knew her approximate balance and the agreement she'd reached with her former partner, and so ought to have known what amount she would need to raise in total, and ought to have known the amount H had offered wasn't enough for her to do both.
- Miss B only gave O one of her account numbers despite knowing she had two accounts – though she did give an approximately correct redemption amount. This meant O only quoted that account number to Kent Reliance.
- Kent Reliance only provided a redemption statement for one account – despite O having asked for redemption statements for all accounts (albeit having only provided one account number).
- O didn't notice that the redemption statement it did receive also referred to another loan for which it didn't have a redemption statement, or that the redemption amount was around £20,000 less than Miss B said she was expecting in its questionnaire.
- In any case, there would never have been enough money available from H to repay Kent Reliance in full, and also pay the lump sum to Miss B's former partner, in May. Miss B knew or ought to have known that. Kent Reliance ought to have provided the full redemption amount for both accounts, and O ought to have realised that it hadn't done so. But even if O had realised that and asked for the second redemption statement, or even if Kent Reliance had provided both in response to O's initial request, there still wouldn't have been enough money to go ahead and redeem the Kent Reliance mortgages in full unless Miss B made up the shortfall, or went back to H to apply for an increased mortgage offer.

In my view, it was the combination of all of these things that led to only one of the Kent Reliance accounts being paid off. With that in mind, I think it's fair and reasonable to find that Kent Reliance bears some, but not all, of the responsibility for what went wrong. It was partly responsible for it not being clear that there wasn't enough money to redeem in May – but it wasn't responsible for there actually not being enough money.

Even if Kent Reliance had not made a mistake, Miss B would have had to raise an extra £12,089.30 before completion in May – or not pay off the Kent Reliance mortgages at all. All Kent Reliance did was contribute to the delay in that becoming clear to Miss B (though it wasn't solely responsible even for that), but it didn't create that situation.

Did Kent Reliance act unfairly following the incomplete redemption?

I think it's important to make clear that Miss B – and her former partner, because this is a joint mortgage – do owe the full amount, including the balance on the 121 account. That balance is now higher than it was in May 2024, as I'll explain below. So the longer this situation remains unresolved, the more money Miss B will need to find to repay.

I've found Kent Reliance did make a mistake in not providing redemption statements for both accounts, though I've also found it wasn't solely responsible for everything that went wrong. Even if it was solely responsible, though, it wouldn't follow that it would be fair and

reasonable to write the rest of the mortgage off. When dealing with a mistake a firm has made, the correct approach is to put the complainant back in the position they would be in had the mistake never been made – not to proceed as if the mistake was correct.

Miss B and her former partner borrowed the full amount and it's reasonable to expect them to repay it, with the agreed interest. Had nothing gone wrong, Miss B would have had to repay the full amount in May 2024, including the 121 balance. I don't think it's fair and reasonable to require Kent Reliance to write the remaining balance off, and it is fair and reasonable for Kent Reliance to expect Miss B and / or her former partner to repay it – and to make the monthly payments due in the meantime. That would leave her better off than she would have been had Kent Reliance not made a mistake.

When it received enough to pay off account 762, Kent Reliance closed that account down. But it hadn't received any redemption money for account 121. So that account continued to be live.

It seems that Miss B first realised something had gone wrong when Kent Reliance collected the normal monthly payment for account 121 (as I said above, the two accounts were paid separately each month). She thought she'd paid off the full mortgage, so was surprised a payment was still being collected. She contacted Kent Reliance, and cancelled the direct debit so no further payments could be taken – thinking payment had been taken in error.

In fact, the payment wasn't taken in error. This account was still open, and so payments were still due. Because Miss B cancelled the direct debit, the May 2024 payment was the last one that was made. No payments have been made from June 2024 onwards.

This means that account 121 has fallen into arrears. It's fair that Kent Reliance treats account 121 as being in arrears – payments are due and are not being made. I appreciate Miss B has said it's difficult for her to have been left with two active loans, and she believes that Kent Reliance is at fault and should not be trying to collect payments. But I've found that it is not wholly responsible for what went wrong – and I've said that even if it was, the balance on account 121 would still need to be repaid.

Over the next few months, Miss B was making complaints to Kent Reliance. At the same time as dealing with the complaints, Kent Reliance also wrote to her, and called her, about the missed payments. It also contacted her former partner. I don't think this was unreasonable, because the debt remained outstanding and payments weren't being made. In those circumstances, lenders are required to try and contact borrowers to find out why payments aren't being made, see what support or forbearance can be offered, and what can be done to get the mortgage back on track.

Miss B says Kent Reliance shouldn't have contacted her former partner, and this caused difficulties. But this was a joint mortgage, so both of them remained jointly and severally liable. They'd agreed between them that Miss B would take it over or replace it with a new sole mortgage, but that didn't change the fact that both of them remained contractually liable for the outstanding payments until that happened. Nor did his removal from the property title in May 2024 change his liability for the mortgage. So it wasn't unreasonable for Kent Reliance to contact Miss B's former partner as well as Miss B when the balance remained outstanding and payments weren't being made.

Miss B also complains that Kent Reliance called her even though she had made clear that she wanted all contact to be in writing, via email. I'm not aware of any reasons why Miss B couldn't have spoken to Kent Reliance by phone, such as a disability or other need for adjustments. Nevertheless, it should have respected her wishes as far as possible – though there are limits on what can be sent via standard email for security reasons, it could have

communicated by post.

But it's also true that it's generally better for missed payments to be managed by phone where possible, because doing so requires a conversation between borrower and lender about the borrower's circumstances and what options might be available. It's much easier and quicker to do that via the phone than a series of letters. I also don't agree that calling Miss B amounted to a data breach or GDPR breach by Kent Reliance. Data protection legislation protects against unlawful processing of personal data, such as sharing it with third parties or not keeping it safe. It doesn't deal with preferences for one communication channel over another.

What action needs to be taken now?

The only way to resolve this situation is for the remaining balance owed to Kent Reliance to be repaid. Until that happens, H cannot register its charge. If that situation doesn't change, there's a risk of H taking action to protect its interests. And until the 121 account is repaid, Kent Reliance is entitled to continue to require Miss B and / or her former partner to pay the monthly payments, and to treat the loan as being in arrears if they don't.

Miss B has spoken to H, which has said it is willing to assist her. It told O it will consider an application for a further advance to cover the outstanding balance, on the same terms as the rest of its mortgage and setting aside its lending criteria that might otherwise lead it to refuse a normal application for further borrowing. But it could only proceed with this if Miss B confirms the amount she needs to borrow. I understand Miss B has since also made a complaint to H, and H is considering its response.

Kent Reliance has given Miss B several redemption statements for account 121 in the months since this problem first emerged. But Miss B hasn't passed them on to H for an application for further borrowing to proceed. She says that's because the balances keep increasing, and because the ERC she paid needs to be refunded or removed from the redemption balance first.

I don't agree that the ERC needs to be refunded or removed. As I've explained above, charging the ERC was nothing to do with the redemption problems. The ERC is set out in the original mortgage offers – it is chargeable if the mortgage is ended during the period of the fixed rates. ERCs are standard in fixed rate mortgages across the industry.

Because she couldn't transfer the Kent Reliance mortgage to her sole name, Miss B was repaying it to move to H during the fixed rate period. That would always involve paying an ERC – there are no circumstances in which she could have avoided it (other than waiting until the end of the fixed rate period), so it wouldn't be fair to ask Kent Reliance to refund or waive the ERCs on either account. That would also leave her better off than she would have been had nothing gone wrong.

The reason the balance on the redemption statements for account 121 is increasing is because no payments have been made since May 2024. Meanwhile interest is still being charged – so rather than the interest being cleared, and some of the capital repaid, each month, the monthly interest is being added to the balance which increases as a result. That's why the balance is higher on each of the redemption statements; because the longer this situation continues without monthly payments being made, the more there is to repay. I don't think that's unfair. It's not unreasonable for Kent Reliance to charge interest on the loan while it remains outstanding and – as I've explained – I'm not persuaded that Kent Reliance is solely or mainly to blame for it not being repaid. Even if it had provided the redemption statement for this account too, there wouldn't have been sufficient funds from the H mortgage to pay it off in May 2024.

Putting things right

Kent Reliance paid Miss B £350 compensation when she complained about this situation. Bearing in mind everything I've said, and my findings that it is not solely or mainly to blame for what has happened, I think that's a fair offer and I don't require it to pay any further compensation.

The longer this situation continues, particularly if no payments are made, the more the balance on account 121 will increase. For the reasons I've explained, I'm satisfied that the amount Kent Reliance says is outstanding is fair and correct. I'd urge Miss B to request an up to date redemption statement, and share it with H with a view to applying for further borrowing to cover the shortfall, as soon as possible. If Miss B is able to obtain further borrowing from H to repay Kent Reliance, it should work with Miss B and the new lender to facilitate the new borrowing and the repayment of the outstanding sums due to Kent Reliance, including in the registration of charges.

My final decision

My final decision is that, because OneSavings Bank Plc trading as Kent Reliance has already paid Miss B £350 compensation and I consider that a fair and reasonable offer, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss B to accept or reject my decision before 21 March 2025.

Simon Pugh
Ombudsman