

The complaint

Mr E complains about how Skipton Building Society handled an application he made through a broker for a new mortgage product. He says Skipton's delay in applying the product to his mortgage resulted in him paying a higher rate of interest between August 2023 and May 2024. He also says the matter has caused him significant distress and inconvenience.

What happened

In January 2023, Skipton wrote to Mr E to remind him that his current mortgage product would be ending on 31 July 2023. Mr E sought advice from an independent broker who recommended Skipton's five-year fixed interest rate product at 4.19%, and Skipton issued a product transfer offer in March 2023. This said that Mr E needed to sign and return the agreement within seven days of the date of the offer, otherwise it would be withdrawn. Skipton received signed agreement from Mr E within the required timeframe and it confirmed the new rate would start from 1 August 2023.

In April 2023, Mr E's broker contacted Skipton to let it know that Mr E wanted to change to its cheaper five-year fixed interest rate product at 4.11%, and on 11 April 2023 Skipton sent a revised product transfer offer to Mr E and his broker. This detailed the same requirement for acceptance as its March 2023 offer – that Mr E needed to sign and return the agreement within seven days of the date of the offer, otherwise it would be withdrawn. However, Skipton didn't receive Mr E's signed agreement, and the offer lapsed.

In July 2023, Skipton wrote to Mr E again to remind him that his current mortgage product would be ending on 31 July 2023, but there was still time for him to apply for another product. Skipton didn't hear back from Mr E, and on 1 August 2023 the mortgage reverted to Skipton's variable rate. A short time later, Mr E contacted Skipton to query why the product hadn't been applied to his mortgage, and Skipton confirmed it hadn't received his signed acceptance and the offer had lapsed.

Mr E instructed a new broker, and in August 2023, a new two-year fixed interest rate product at 6.09% was agreed with Skipton. The term of the mortgage was also extended from 23 years to 27 years to reduce Mr E's monthly repayments.

In April 2024, Mr E complained to Skipton that it should have applied the cheaper five-year fixed rate product at 4.11% to his account in August 2023 because he'd returned his signed agreement to his broker in April 2023. He felt Skipton had exploited the situation, forcing him to enter into an agreement for a more expensive product. He also said Skipton had acted inconsistently because it had applied the more expensive product without receiving his signed agreement.

Skipton upheld Mr E's complaint in part. In its final response letter dated June 2024, it confirmed that it had received Mr E's signed acceptance for his current product, so it hadn't been inconsistent with its requirement for signed acceptance. However, it accepted that it should have sent a reminder that it needed Mr E's signed agreement to Mr E's broker in April 2023. And because it didn't, it agreed to re-work Mr E's mortgage, applying the five-year fixed rate product at 4.11% from 1 August 2023. It also agreed to change the mortgage

back to the original term and it offered to pay Mr E £100 as an apology for the upset caused.

Unhappy with Skipton's response, Mr E complained to this Service. He said the delay in Skipton applying the cheaper product to his mortgage had caused him significant emotional distress and inconvenience and he wanted it to pay him £1,000 because of this. Among other things, he said he was forced to borrow money from friends and family to pay the higher monthly repayments. He also complained that Skipton made mistakes when re-working his account and said the overall time he'd spent trying to resolve the matter had impacted his ability to work.

Since Mr E referred his complaint to our Service, Skipton offered to pay interest on the overpayments Mr E had made at 8% simple interest. It also offered to pay Mr E a further £100 for mistakes it had made when re-working his account. It also highlighted that whilst it was its internal process to chase for returned documents, there is no regulatory requirement for it to do so.

Our Investigator felt what Skipton had done, and what it had subsequently offered to do, was fair and reasonable in the circumstances and she didn't think it needed to do anything further. Mr E didn't agree, so the complaint has been passed to me 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.

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I've carefully reviewed the product transfer offer dated 11 April 2023, and on page 13, underneath the heading entitled "Acceptance of the Offer" it clearly states the following:

"You must sign and return this agreement within **seven days of the date of this Offer**. After that time the Society's Offer of transfer to this mortgage product and/or any associated variations will be withdrawn, as the products availability cannot be guaranteed."

This makes it clear that Mr E needed to provide Skipton with his signed agreement within seven days of the date of the offer, otherwise the offer would be withdrawn.

Skipton's requirement for signed agreement was also contained in its previous offer dated March 2023, which Mr E did provide signed agreement for. I've also seen a copy of an email that Mr E's broker sent to Skipton on 16 March 2023, which detailed:

"Please see the attached signed Skipton PT offer for the above client. He has also sent it back directly to you."

This indicates Mr E had been directly involved in the process previously and he'd understood that signed agreement was required to accept Skipton's product transfer offer.

Skipton says it didn't receive signed agreement from Mr E for its April 2023 offer and Mr E hasn't provided any evidence to indicate he did send this to Skipton. Mr E says he sent his signed agreement to his broker, who he understood would send this back to Skipton, but that doesn't appear to have happened. I accept there may have been some miscommunication between Mr E and his broker about who was responsible for sending the signed agreement back to Skipton, but I don't think it would be fair to hold Skipton responsible for this. I say this because the offer document was clear about what was required and Skipton's records

indicate the offer was sent to both parties.

I've also taken into consideration that Skipton didn't send a reminder that its offer would soon expire to Mr E's broker, which Skipton has confirmed was part of its usual process. Whilst I accept Skipton has fallen short on the level of service it provided to Mr E and his broker here – there's no regulatory requirement for a reminder to be sent by a lender in these circumstances. I'm satisfied Skipton made its requirement for signed acceptance clear in its offer dated April 2023, which both Mr E and his broker had received, and I'm unable to hold Skipton responsible for Mr E not providing this.

I've taken into consideration that Mr E feels Skipton acted inconsistently by applying the more expensive product to his mortgage without his signed agreement. The offer document dated 3 August 2023 does clearly say signed agreement is required and Skipton has said it received this from Mr E on 3 August 2023 - although it hasn't provided this Service with evidence to show this. However, even if Skipton did make a mistake in August 2023 by applying the product without Mr E's signed agreement, this doesn't mean Skipton acted incorrectly earlier - because it was made clear in the offer document dated April 2023 that signed agreement was required and I've seen no evidence that indicates this was provided.

After receiving Mr E's complaint in April 2024, Skipton did go on to agree to re-work Mr E's mortgage account, applying the five-year fixed rate product at 4.11% from 1 August 2023. It also credited the account with the overpayments Mr E made, and it agreed to change the mortgage back to its original term. Further, since Mr E referred his complaint to this Service, Skipton also agreed to pay interest on the overpayments Mr E made at 8% simple interest. This is more than I would have directed Skipton to do, and I think this is more than fair and reasonable in the circumstances.

Skipton has also offered to pay Mr E £100 because it didn't chase its receipt of the signed agreement. I've taken into consideration what Mr E has told us about the distress and inconvenience he has experienced, and I do appreciate this was a very difficult time for him. However, for the reasons I've already explained, I'm not satisfied Skipton was responsible for Mr E paying a higher rate of interest for a period of time – because Mr E didn't provide his signed agreement for the cheaper product before the offer expired. Against this background, I can't fairly conclude Skipton is responsible for the distress and inconvenience Mr E has detailed. I'm satisfied Skipton's offer to pay Mr E £100 reflects the shortfall in the level of service it gave Mr E by not sending a reminder to his broker, and I won't be requiring it to do more.

Skipton has also offered to pay Mr E a further £100 for errors it made when re-working Mr E's mortgage to apply the cheaper product and term change. It's clear Skipton's errors caused Mr E some continued inconvenience, but I'm satisfied the additional £100 Skipton has offered to pay reflects this. It follows that I don't require Skipton to do more than it has offered to do.

In all the circumstances, while I realise this isn't the outcome Mr E was hoping for, I think Skipton has done more than enough to put things right, and it has made a fair and reasonable offer of compensation for the distress and inconvenience that I consider it is responsible for.

Putting things right

In addition to what Skipton Building Society has already done, to settle this complaint, I require it to:

- Pay interest on each overpayment Mr E made, from the time it was paid, up to the time it was reimbursed if it hasn't already done so. The relevant rate is 8% simple per annum.
- Pay Mr E a total of £200 for the distress and inconvenience caused, if it hasn't already done so.

If HM Revenue & Customs requires Skipton to deduct tax from the interest, Skipton should give Mr E a certificate showing how much tax it has deducted, if he asks for one.

My final decision

My final decision is that Skipton Building Society has made a fair offer to put things right. I require it to pay interest on the overpayments at 8% simple interest per annum and pay Mr E a total of £200 for the distress and inconvenience if it hasn't already done so.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr E to accept or reject my decision before 5 March 2025.

Michelle Griffiths
Ombudsman