

The complaint

This complaint is about a mortgage Mr D holds with Bank of Ireland (UK) Plc - hereafter referred to as BOI.

The essence of the complaint is that Mr D isn't happy with how BOI handled an internal re-mortgage arranged to give him a new interest rate deal. He says it took a lot longer to arrange than he was told during an initial phone call, leaving him paying more than he'd expected at the time of the completion. He's raised additional concerns about the operation of the new mortgage following completion, but we're looking at those separately.

What happened

By way of a provisional decision dated 18 February 2025, I set out my provisional conclusions on this complaint. The following is an extract from the provisional decision.

"The above summary is in my own words. The basic background to this complaint is well known to both parties so I won't repeat all the details here. Instead I'll provide a brief description of the complaint, rounding the figures, and then focus on giving the reasons for my decision. If I don't mention something, it won't be because I've ignored it. It'll be because I didn't think it was material to the outcome of the complaint.

Mr D's mortgage had been on standard variable rate (SVR) for many years; in January 2023, he began the process of switching to a new fixed rate, and says he was told the new rate could take effect within 24 hours. This, he says, would be a rate of 5.34% with monthly payments of a little over £600. In reality, BOI needed to arrange an internal re-mortgage, to switch Mr D over from a legacy platform to its current mortgage operating system. This also meant BOI having to instruct a solicitor to put this in place. The mortgage offer was issued on 14 February 2023, along with a new direct debit mandate, and a redemption statement issued for the existing mortgage on 28 February 2023.

BOI chased the solicitor on 28 March 2023, but a few days after that, BOI learned that the new direct debit mandate had been cancelled at Mr D's bank. It asked Mr D to provide a new valid mandate, which was received on 24 April 2023. In the meantime, the solicitors had informed Mr D of a shortfall of just over £810 between the amount of the new mortgage and the balance of the existing one, which he needed to pay separately.

Mr D wasn't happy to do this, but eventually agreed, and paid the solicitors. The new mortgage completed on 28 April 2023. The gist of Mr D's complaint can be found in an email he sent us on 23 April 2024, where he said: *"It is the difference between the £603.30 monthly payments that we believe should apply and the actual monies we paid to BOI during the January to June 2023 period that we dispute. NOTHING MORE, only this."*

For clarity, although Mr D references “we” in that email, the mortgage is his name only and he is the sole complainant. Also, whilst Mr D has specified that he’s unhappy with the payments up to and including June 2023, this decision deals only with those up to redemption of the old mortgage at the end of April 2023. The payments for May and June 2023 were made to the new mortgage and will form part of what we’ll look at under the separate complaint about how BOI has operated that since completion.

In its final response on this complaint, which was dated 23 August 2023, BOI identified a 23-day delay on its part in dealing with the re-mortgage application. For this, it offered to reimburse Mr D 23 days’ worth of the differential interest between the SVR he was paying on the existing mortgage and the fixed rate on the new one. This was a little over £70. BOI rounded that figure up to £150 to include an element of compensation for inconvenience.

Our investigator reached broadly the same conclusions as BOI, but she felt there was an element of ambiguity in the information BOI had given Mr D in the phone call on 24 January 2023. She thought a fairer outcome was for BOI to pay Mr D £150 compensation as well as the differential interest, rather than £150 including it. Both parties have asked for the complaint to be reviewed by an ombudsman.

What I’ve provisionally found – and why

I’ll start with some general observations. We’re not the regulator of financial businesses, and we don’t “police” their internal processes or how they operate generally. That’s the job of the Financial Conduct Authority (FCA). We deal with individual disputes between businesses and their customers. In doing that, we work within the rules of the ombudsman service and the remit those rules give us. We don’t replicate the work of the courts.

We’re impartial, and we don’t take either side’s instructions on how we investigate a complaint. We conduct our investigations and reach our conclusions without interference from anyone else.

I’ve considered all the available evidence and arguments to decide what’s fair and reasonable in the circumstances of this complaint.

Starting with the 24 January 2023 phone call, I heard nothing in the conversation that should reasonably have caused Mr D to believe the lower monthly payment that came with the fixed rate would take effect immediately. If Mr D genuinely formed that interpretation from the call content, then without wishing to sound unkind, he rather misdirected himself. I’ll come back to this conversation later.

That aside, it should have been apparent to Mr D from the events that then unfolded, and the point of sale documentation that BOI issued to him, that the transaction he was entering into involved rather more than an instant switch of rates on his existing mortgage. So I don’t think it was unfair or reasonable that Mr D was required to continue making monthly payments based on the SVR until the re-mortgage completed, which was at the end of April 2023.

Mortgage processing isn’t an exact science; nor is it a mechanical process. Lenders generally have anticipated timescales for how long a transaction might take, but occasionally things take longer than expected. If I’m to order BOI to pay Mr D the redress he’s seeking, I have to be satisfied that BOI unduly and excessively delayed

the re-mortgage by way of specific errors or omissions, and that the delay was the sole or over-riding cause of loss, financial or non-financial, to Mr D.

Looking at the overall progression of the re-mortgage, I don't find that this is such a case. Rather, it's one where BOI delayed thing slightly – looking at the timeline, I consider 23 days to be about right – but the main reason completion was delayed for longer than 23 days was down to matters more in Mr D's control than BOI's; the his cancellation of the new direct debit, the time taken to reinstate it, and the engagement with the solicitors over the redemption shortfall.

I said I'd come back to the 24 January 2023 phone call. I've already explained that I'm satisfied BOI didn't mislead Mr D in the way he has suggested, The investigator wasn't persuaded BOI was as clear as it could have been in setting Mr D's expectations accurately and clearly on how long the transaction would take to complete, what he would pay and when.

Having listened to that call myself, I've not found shortcomings in the information BOI gave Mr D that would justify increasing the compensation to £150 separate from the interest refund. Overall. I think BOI's original settlement offer from the final response of 23 August 2023 is fair, given that the compensation element is solely for the inconvenience caused by the 23-day delay."

I gave the parties two weeks to add anything further before I finalised my decision. That time has now passed; neither party has made any further comment.

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.

Having done so, I've no reason to depart from my provisional decision.

My final decision

My final decision is that this complaint should be resolved by Bank of Ireland (UK) Plc paying Mr D £150, to include the refund of £70.60 differential interest, in full and final settlement. I make no other order or award. My final decision concludes this service's consideration of this complaint, which means I'll not be engaging in any further discussion of the merits of it. Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 1 April 2025.

Jeff Parrington
Ombudsman