

## **The complaint**

This complaint is brought by Mr F in his capacity as a director of a limited company I will call I Ltd. Mr F says that, during the course of a re-mortgage application, the service I Ltd received from Atom Bank PLC was unacceptable. Specifically, Mr F has complained about:

- poor communication, resulting in delays and additional costs;
- Atom's requirement for a new valuation, which Mr F considered unnecessary;
- additional interest applied during the application process, resulting in a shortfall on redemption of the previous mortgage;
- incorrect calculation of the monthly repayment and lack of clarity from Atom about this.

To settle the complaint, Mr F would like Atom to provide satisfactory answers to his questions.

## **What happened**

I don't need to set out the full background to the complaint. This is because the history of the matter and the timeline of events is set out in the correspondence between the parties and our service, so there is no need for me to repeat the details here. In addition, Atom has already offered compensation for poor customer service, and so what I need to decide is whether that is sufficient, or if there are any other errors, acts or omissions by Atom for which an award of compensation is warranted.

Finally, our decisions are published, so it's important I don't include any information that might lead to Mr F or I Ltd being identified. So for these reasons, I will instead concentrate on giving a brief summary of the complaint, followed by the reasons for my decision.

Briefly, I Ltd had a mortgage with Atom which the company was re-financing. The original loan was for approx. £500,000 on an interest-only basis, at a variable rate of 3.15% above Bank of England Base Rate (BOEBR). A capital reduction of about £250,000 had been made by I Ltd, so the new loan was for approx. £250,000, at a variable rate of 2.72% above BOEBR.

The application was begun in late May 2023, with the original mortgage term expiring in November 2023. It wasn't until 20 February 2024 that the loan completed. Mr F says that this was as a result of delays, poor communication and unnecessary processes on the part of Atom.

Mr F complained. In its final response letter dated 18 April 2024 Atom explained that the following had happened:

- As the re-mortgage neared completion a request had been made for additional interest. However, on 20 February 2024 Atom said the extra interest was not required. Atom explained that the costs were as a result of an increase in the BOEBR. As a result, the calculation of increased monthly interest may not be collected in the next monthly payment. It was therefore added to the account balance to be paid on redemption of the previous mortgage. This left a shortfall, which Atom confirmed it had written off.

- In relation to the complaint about poor communication, Atom went through the timeline of events. Atom accepted responsibility for a short delay in responding to communications, and accepted that Mr F had to re-send documents. Atom also noted Mr F had experienced difficulty in logging into Atom's portal through which secure emails were sent. For the inconvenience caused, Atom paid £100 to I Ltd.
- Atom explained the reason why a valuation was required. The surveyor required updated Energy Performance Certificates (EPCs), but Atom agreed to allow the loan to complete conditional on the EPCs being provided within 12 months of completion of the loan.
- Atom clarified that, by the time the mortgage completed, BOEBR had increased. Because the mortgage was at a variable rate of 2.72% over BOEBR, this resulted in the monthly repayment increasing from that originally quoted (approx. £1,700 per month) to approx. £1,900 per month.

Dissatisfied with the compensation of £100 offered by Atom, Mr F escalated the complaint to the Financial Ombudsman Service on behalf of I Ltd. An Investigator looked at what had happened, and in several detailed responses to Mr F, explained why she thought the compensation offered was fair and reasonable and why Atom wasn't required to do anything further.

Mr F asked for an Ombudsman to review the complaint. He's reiterated the points he's previously made about why he believes Atom's service has resulted in loss or detriment to I Ltd.

### **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.

The evidence in the case is detailed, running to almost a thousand pages of documents. I've read everything, and it's apparent that some parts of the evidence are less relevant to the underlying case than others. There are also a lot of duplicated documents and repetition of arguments. As I said at the outset, the timeline of events has been set out in detail in correspondence between Mr F, the Investigator and Atom. I will therefore not reiterate what's already been said, but instead concentrate on what I consider to be the relevant issues in the complaint.

No discourtesy's intended by that. It's a reflection of the informal service we provide, and 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. This approach is consistent with what our enabling legislation requires of me. It allows me to focus on the issues on which I consider a fair outcome will turn, and not be side-tracked by matters which, although presented as material, are, in my opinion peripheral or, in some instances, have little or no impact on the broader outcome. However, I confirm that I've read everything that's been provided and taken notice of all the points made by both parties.

***Delays in the application process and poor communication:*** I appreciate the application took longer than I Ltd had anticipated. I've reviewed the detailed timeline of events. Whilst there were some occasions when Mr F had to chase Atom for a response, equally there were delays that I can't attribute to any error or omission on the part of the bank, when Atom was waiting for documentation or information from I Ltd to enable the transaction to proceed. In addition, Mr F sometimes sent multiple emails in a single day, and Atom responded promptly to these.

Mr F is unhappy that Atom didn't appoint a manager to oversee his transaction and be a single point of contact. He is also unhappy about Atom's secure portal, which he had difficulty logging into, and which doesn't provide for emails to be forwarded. However, the way in which Atom operates its business – including the way it staffs its departments and the systems it has in place – are matters for its own commercial judgement. The evidence doesn't persuade me that the staff Mr F was speaking to didn't understand the nature of the transaction. Nor was it a complicated transaction that might require a bespoke service, it was a relatively low loan-to-value re-financing of an existing facility. I'm therefore satisfied that there was no requirement for Atom to appoint a manager to oversee the matter and be the single point of contact for Mr F.

Email is not considered a secure medium for correspondence by most financial institutions, including Atom. It was therefore reasonable for Atom to have a secure email portal. I appreciate it didn't operate in the same way as an email programme (e.g. Outlook or Gmail), because Mr F wasn't able to forward emails from the portal. But it's up to Atom how it sets up its secure communication with customers. Mr F was still able to email queries and responses to Atom via outside channels, and so I'm not persuaded the existence of the portal hampered him from communicating with Atom in the way he wanted.

Atom has accepted there were some delays in responding at times, which resulted in Mr F having to re-submit documentation and chase responses. This resulted in some inconvenience, but overall I don't think it resulted in any significant delay in the completion of the transaction. Given this, and taking into account that I can only award compensation for inconvenience caused to a director of a limited company, I think the £100 paid is fair and reasonable.

**Valuation and EPC:** In October 2023 Atom confirmed that a valuation was required as part of its lending criteria. Atom is entitled to set its own lending criteria, which states that a new valuation is required unless there has been one carried out within the previous six months. I understand the last valuation was in 2018, and whilst I acknowledge that Atom already held a charge over the property, it was entitled to have the property valued by a surveyor of its choice. I'm satisfied the documentation provided to I Ltd was clear that the loan was subject to valuation.

The surveyor recommended EPCs be obtained. Mr F didn't consider this to be necessary, but Atom is entitled to rely on the expert opinion of its own surveyor. I can see that, in order to avoid further delays and to accommodate I Ltd, Atom agreed to allow completion to take place contingent on the EPCs being provided within 12 months. I think this was reasonable in all the circumstances.

**Interest shortfall on redemption:** The loan that was being redeemed was on a variable rate of interest of 3.15% above BOEBR and so was subject to fluctuation. I've noted the explanation Atom provided in relation to the shortfall that arose on redemption, and that this was clarified to Mr F several times in correspondence.

The shortfall arose because changes in the monthly repayment had been applied in the following month. Atom gave an example showing that where the interest rate had changed on 4 January, but the monthly repayment was received on 15 January (for the amount required *before* the rate had increased), this left 11 days where interest at the higher rate needed to be paid.

As a result, on redemption, an interest shortfall of £2,575.75 had been requested by Atom, but this was reduced by £1,343.69 when the monthly direct debit was received. Atom agreed

to write off the balance, which I think is fair in all the circumstances. It has resulted in no disadvantage, financial loss or detriment to I Ltd.

I will also add that it's not the role of the Financial Ombudsman Service to calculate the interest due on a mortgage account, or to audit an account on behalf of a consumer. I've reviewed the account history, however, and I can't see any reason to conclude that interest has been charged that wasn't actually due.

***Increase in the monthly repayment:*** Mr F says that Atom mistakenly calculated the monthly payment due under the loan at £1,900 per month rather than the £1,700 he'd been originally quoted.

This was not a fixed interest rate loan – where the borrower pays interest at a rate that does not change over a specific period. It was a variable rate loan, at 2.52% above BOEBR. The previous loan had also been a variable rate loan on a rate of 3.15% above BOEBR, so it is reasonable to assume that Mr F was aware of how a variable interest rate loan operated, with the monthly repayment going up or down dependent on fluctuations in BOEBR, something which is entirely out of Atom's control.

Given that, from the time of the original quote in May 2023 and the capital reduction made in October 2023 BOEBR had increased three times, the rate applying to the new loan would, of course, be affected by this. The email exchanges between Mr F and Atom before the capital reduction was made in October 2023 show that Atom explained that, if the balance was reduced by £250,000, this would result in the monthly repayment on the new loan being approx. £1,900 per month. I'm satisfied Atom provided the correct figures, based on the interest rate applicable at the time.

## **Conclusion**

I fully understand why Mr F is frustrated at the length of time it took to put the new mortgage in place. However, even though this was a re-financing of an existing facility, it was still subject to underwriting, valuation and all the due diligence and checks Atom thought necessary. It's not just a case of substituting a new figures into the existing loan account.

So whilst I acknowledge this took longer than Mr F wanted, other than the short delay for which Atom paid £100 compensation, I'm not persuaded there was any undue delay that can be attributed to any act, error or omission by Atom. As I've said, the interest shortfall on redemption was, I find, justified and properly explained by Atom, and was in any event written off, to the benefit of I Ltd.

I'm also satisfied that, because the loan is at a variable rate of interest, increases in BOEBR between the initial quote in May 2023 and the figures provided in October 2023 (taking into account the £250,000 capital reduction) meant that the monthly repayments increased from the original quote.

## **My final decision**

My final decision is that I don't uphold this complaint.

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 I Ltd to accept or reject my decision before 4 June 2025.

Jan O'Leary  
**Ombudsman**