

The complaint

Mr and Mrs C's complaint is that their mortgage lender, Handelsbanken plc, would not allow a 'grace period' (which I will refer to here as a 'porting window') within which to transfer their fixed rate mortgage interest rate products onto another mortgage on a new property. Instead Handelsbanken required a simultaneous sale and purchase.

Mr and Mrs C say that because Handelsbanken failed to arrange a valuation of their new property in a timely fashion, they were unable to sell and purchase simultaneously. They repaid their Handelsbanken mortgage, incurring an early repayment charge (ERC) and moved to a new lender.

Mr and Mrs C would like Handelsbanken to reimburse the ERC and additional costs incurred.

What happened

I don't need to 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 the details here. In addition, our decisions are published, so it's important I don't include any information that might lead to Mr and Mrs C 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.

At the relevant time, Mr and Mrs C had an interest-only mortgage with Handelsbanken, on which there were three fixed interest rate products. If these were repaid during the fixed rate period an ERC would apply. The interest rate products were portable to a new mortgage on another property. Handelsbanken's process was for there to be a contract variation, along with a fact find, an application for a new mortgage and a mortgage illustration.

Mr and Mrs C were selling their existing property, which I will call BH. They wanted to downsize, and keep their fixed rate mortgages, which would increase the loan to value (LTV). They'd initially found a property they were interested in, and wanted to port their interest rate products onto a new mortgage on this property. Handelsbanken allows for this to be done, provided the sale and purchase complete simultaneously.

Mr and Mrs C pulled out of this purchase, and found another property to buy, which I will call CS. However, this was an estate sale and probate had not yet been granted. Mr and Mrs C asked Handelsbanken if it would allow a porting window so they could sell BH (the sale of which was progressing) before buying CS. Handelsbanken said that this wasn't part of its process.

In late June 2024 Mr and Mrs C exchanged contracts on the sale of BH, with completion due to take place on 1 August 2024. Probate had not yet been granted in relation to CS, and it was anticipated this might take several months to come through. In order to avoid having to pay the ERCs, Mr and Mrs C explored with their purchasers the idea of deferring completion of BH, with the purchasers renting the property, or occupying it as licensees. However, the purchasers declined to do this.

On 27 July 2024 (a Saturday) Mr C texted his contact at Handelsbanken to confirm probate had been granted and that he and Mrs C wanted to complete on the purchase of CS. On 28 July 2024 (Sunday) Mr and Mrs C's solicitor confirmed that they would like to complete on 2 August 2024. However, this was insufficient time for Handelsbanken to arrange for a valuation of CS, a structural survey (because the property is listed, and therefore Handelsbanken required this) and to complete the application for the new mortgage.

Mr and Mrs C sold their property on 1 August 2024 and paid the ERCs to Handelsbanken. A complaint was made, that Handelsbanken had taken too long to instruct a valuation on CS, and that the bank had refused to allow a porting window.

Handelsbanken didn't uphold the complaint. In its final response letter the bank explained that it had only been told on 27 July 2024 that the purchase was proceeding. Handelsbanken said that the timescale put to the bank of completion taking place just a few days ahead was insufficient for the bank to arrange a survey, and for the application for a new mortgage, including the legal work involved, to be carried out.

Handelsbanken also reiterated that it didn't provide a porting window, which Mr and Mrs C would, the bank said, have been aware of from the mortgage terms and conditions. In the circumstances, Handelsbanken said it was entitled to charge the ERCs when the mortgages were redeemed.

Dissatisfied with Handelsbanken's response, Mr and Mrs C brought their complaint to our service. An investigator looked at what had happened. Although he was satisfied Handelsbanken had been entitled to charge the ERCs, he thought the bank could have proceeded with the contract variation documents when Mr and Mrs C had confirmed, on 2 July 2024, that they wanted to proceed, even though probate on CS hadn't yet been granted. The Investigator asked Handelsbanken to pay compensation of £300 for "loss of expectation".

Handelsbanken didn't say whether or not it agreed to the Investigator's findings. However, Mr and Mrs C didn't agree, and so the complaint has been passed to me for a decision.

Provisional decision of 20 May 2025

I issued a provisional decision, in which I reached the following conclusions.

Porting window: Some mortgage lenders – although not all – will allow a concession to enable borrowers to sell their property, repay their mortgage and then transfer the interest rate product onto a new mortgage at a later date. This is known as a porting window. However, this is not a concession Handelsbanken offers. Handelsbanken requires a simultaneous sale and purchase in order to agree to transfer an interest rate product from an existing mortgage onto a new mortgage on another property.

That's a business decision Handelsbanken is entitled to make as part of its commercial operations. Handelsbanken does not allow any customers to have a porting window. Therefore, although Mr and Mrs C believe the bank has acted unfairly in refusing to allow a porting window, they've not been treated any differently from any other customer, as no customer is offered such a concession.

Delay in instructing valuation: Mr and Mrs C say that Handelsbanken could, and should, have instructed its surveyor to carry out the valuation of CS at an earlier

stage. If it had, then they believe the new mortgage could have completed simultaneously with the sale of BH.

I'm not persuaded Handelsbanken has acted unreasonably here. In relation to CS, until probate was granted, there was no-one authorised by law to sell CS. It wasn't until the end of July 2024 that probate was granted, and I note that this was much earlier than anticipated by Mr and Mrs C, who it appears had resigned themselves to not being able to complete on their purchase until after their sale had gone through.

Porting isn't simply transferring an existing mortgage onto a new property. In order to proceed with the port, Handelsbanken required a mortgage valuation and a structural survey (due to the listed status of the property), a fact-find to be completed, and underwriting of the application, taking into account the increased LTV, affordability of the mortgage and suitability of the property for mortgage purposes.

Mortgage regulations allow lenders to disregard affordability assessments in some circumstances when considering an application to port a mortgage. But in this case the LTV was increasing, resulting in more risk to Handelsbanken. In addition, part of the joint income was from drawings on both capital and interest from investments, which didn't meet the bank's lending criteria. It was therefore appropriate for the bank to consider affordability of the mortgage, subject to full underwriting.

I'm satisfied, therefore, that even if a valuation had been carried out at an earlier stage, it wouldn't have reduced the timeline for completion of a new mortgage application, and for the required legal work to put a new mortgage in place. I'm not persuaded that this could have been achieved in the five-day window between 29 July 2024 and 2 August 2024.

Conclusion

I understand that it was disappointing for Mr and Mrs C that they incurred the ERCs when they redeemed their Handelsbanken mortgage. However, I think the issue arose because Mr and Mrs C committed themselves to the sale of BH before being able to proceed with the purchase of CS. It was their decision to do this, and I can't hold Handelsbanken responsible for the consequences of this.

I can see that Mr and Mrs C tried their best to mitigate their position, by asking their buyers to defer completion of the purchase of BH and 'rent' the property from them. Understandably, the buyers wouldn't agree to that, as this would place the buyers in a vulnerable position.

However, in all the circumstances, I'm not persuaded Handelsbanken is at fault, either in relation to not instructing a valuation at an earlier date, or not agreeing to a porting window, which was outside its policy.

I'm therefore not persuaded there is any basis on which it would be fair or reasonable to order Handelsbanken to refund the ERCs, reimburse Mr and Mrs C's expenses or pay any compensation for loss of expectation, distress or inconvenience.

Responses to the provisional decision

Handelsbanken accepted my provisional decision. Mr and Mrs C confirmed they'd received it, but have made no 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.

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I've reviewed the file from the outset, and re-visited my provisional decision. In the absence of any further evidence or arguments from the parties, I can see no reason to depart from the conclusion I reached in my provisional decision.

For all the reasons given in my provisional decision, which I have set out above, I am unable to find that Handelsbanken is at fault in relation to the issues Mr and Mrs C have complained about. In the circumstances, there is no basis on which it would be fair or reasonable to order Handelsbanken either to compensate Mr and Mrs C for the ERC they had to pay, or to pay any compensation for distress and inconvenience.

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 and Mrs C to accept or reject my decision before 3 July 2025.

Jan O'Leary
Ombudsman