

The complaint

Mr and Mrs Y complain about a mortgage application they made with HSBC UK Bank Plc. They wanted to port (transfer) their mortgage to a new property, but HSBC caused delays, so they ended up paying an early repayment charge (ERC), so they could complete their purchase.

Mr and Mrs Y would like this refunded to them.

What happened

Mr and Mrs Y have a mortgage with HSBC. They switched to a new fixed rate product in December 2023 which was fixed for five years until 28 February 2029, on an interest rate of 4.64%.

Mr and Mrs Y made an application on 3 December 2024 to port their mortgage and borrow additional funds to purchase a new property. Their existing mortgage was for £151,932.84 and they wanted to borrow an additional £198,067.16.

Mr and Mrs Y said that HSBC caused unnecessary delays, and they declined their application. They said they then made another application on 30 January 2025 but they were worried they would lose their buyer so Mr Y emailed HSBC on 4 February 2025 and cancelled the application. Mr Y said that he had no choice because HSBC delayed matters and kept asking him for information that he didn't have and they also made an error with the property that needed to be valued. Mr and Mrs Y said they wanted to stay with HSBC but decided to cancel the application after all the delays and they received help from friends and family to enable them to purchase the new property. Mr and Mrs Y paid an ERC of £5,534.09.

HSBC said that the initial application was delayed when it was with their underwriters and this stage lasted from 24 December 2024 until 10 January 2025. HSBC accepted there were some delays and offered Mr and Mrs Y £400 compensation to recognise this. But they said that Mr and Mrs Y made an application to port only, without the additional borrowing on 30 January 2025 but then chose to cancel the application – so they didn't agree to refund the ERC.

HSBC accepted that they made an error when they arranged the valuation and that their communication could have been clearer than it was. They accepted that they asked for information such as payslips after initial delays and that they could have done this sooner. But they said the £400 they offered reflected that.

Mr and Mrs Y remained unhappy, so they brought their complaint to the Financial Ombudsman Service where it was looked at by one of our investigators. The investigator didn't uphold the complaint and thought that the amount that HSBC had offered for the delays and poor communication was fair and reasonable.

Mr and Mrs Y didn't agree and in summary, made the following comments:

- The ERC was a direct result of HSBC's failings and their decision to leave HSBC was forced on them.
- HSBC instructed a valuation on an incorrect address (the one they were selling) causing further delays. Their solicitor advised them to redeem the mortgage in order

to protect their purchase.

- Mr and Mrs Y were told that the additional borrowing was declined but by the time they were told they could port the mortgage only – it was too late.
- Mr and Mrs Y have never missed a mortgage payment, and both have excellent credit scores. The only difference is that Mr Y had recently changed jobs, and his wife was employed by his company.
- Mr and Mrs Y do not feel that £400 reflects the real impact this has had on them. They would like the full ERC refunded.

As Mr and Mrs Y didn't agree with the investigator, they asked for the complaint to be reviewed by an Ombudsman, so it's been passed to me to decide.

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 considered everything very carefully, I agree with the outcome that has been reached by the investigator. I'll explain why.

Mr and Mrs Y made an application on 3 December 2024 to port their existing mortgage to a new property with additional borrowing.

I don't think there is any dispute here that there have been some delays on HSBC's part. They said that the application was transferred to their underwriters, and it was there from 24 December 2024 until 10 January 2025. They also accept that there was an error as HSBC requested a valuation on the property that Mr and Mrs Y were selling which also caused a delay. HSBC offered £400 for this.

Mr Y contacted HSBC several times as he wanted an update on what was happening with his application as he wanted to purchase the new property, and he was under some time constraints. I have listened to all the telephone calls that HSBC have provided us where the adviser speaks to Mr Y throughout the process.

From looking at the underwriting notes, I can see that HSBC did have some concerns regarding Mr Y's income, and they said that his financial circumstances were 'complex' so they wanted to ensure that they were happy to lend the additional amount that Mr and Mrs Y wanted. I don't think HSBC reviewing the application in the way that they did was unreasonable as Mr and Mrs Y wanted to borrow approximately £198,000 more than the existing mortgage they had.

I think the first thing to point out here is that it's not for our service to tell a lender to lend – that's not our role. But we have to ensure that any applications have been assessed and considered fairly and reasonably. Having looked at what HSBC have said, I'm satisfied that they assessed Mr and Mrs Y's application fairly and reasonably.

The mortgage offer from December 2023 did confirm that the product that Mr and Mrs Y were on could be ported to a new property, but it was subject to their lending criteria.

HSBC declined the application on 17 January 2025, and they sent Mr and Mrs Y a letter after they complained, letting them know that they had the option to port their mortgage without borrowing additional funds if they wanted to do so. Mr and Mrs Y made an application to do this on 30 January 2025. Mr Y then sent HSBC an email on 4 February 2025 asking HSBC to cancel the mortgage application and he would source the funds elsewhere. So HSBC cancelled the application, and Mr and Mrs Y redeemed their mortgage shortly after paying an ERC of £5,534.09.

Mr and Mrs Y argue that HSBC could have told them earlier that they could have ported their mortgage without additional borrowing as by the time they told them this, it was too late. I understand the point that Mr and Mrs Y are making here but I'm not sure I agree. The application was made on 4 December 2024, and an underwriter was looking at this until 10 January 2025 with the application being declined a few days later. HSBC told Mr and Mrs Y that they could choose to port and did so in their letter dated 28 January 2025. When looking at how long applications can take which include underwriting – I don't think this timescale is unreasonable. And having looked at the notes from the underwriter, it's evident that they did have some concerns.

I've also listened to a conversation that Mr Y had with the adviser on 9 December 2024, and it was mentioned as an option that they could port only so I can't agree that this isn't something that Mr and Mrs Y knew they could choose. But when they initially applied, they wanted the additional borrowing.

I appreciate that Mr and Mrs Y have said they have never missed a mortgage payment, and they have excellent credit scores – I am not doubting this at all. But when a lender is assessing an application to lend, it's not just the credit score that is considered. Mr and Mrs Y were borrowing nearly double their existing mortgage, so HSBC were entitled to make sure they were happy with that risk.

Even though Mr and Mrs Y made an application to port on 30 January 2025, a redemption statement was requested from HSBC on 31 January 2025 with an anticipated redemption of the mortgage on 3 February 2025. So, Mr and Mrs Y had already decided to redeem their mortgage even though they had made an application to port their mortgage only.

I therefore can't agree that Mr and Mrs Y had 'no choice' but to redeem the mortgage. I understand they were on a tight deadline but like I've already said, the mortgage application was only made at the start of December 2024 so under the circumstances, I don't think this is an unreasonable amount of time.

I agree and acknowledge that there were some delays here and HSBC did make an error with the valuation. I think the £400 that HSBC have offered fairly reflects their failings and the delays that were caused.

I know that Mr and Mrs Y will be disappointed with my decision, but I won't be asking HSBC to refund the ERC or increase the amount of compensation they have been offered.

My final decision

For the reasons given above, I think the amount that HSBC UK Bank Plc have offered Mr and Mrs Y is fair and reasonable in the circumstances of this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr Y and Mrs Y to

accept or reject my decision before 13 January 2026.

Maria Drury
Ombudsman