

The complaint

Mr and Mrs T complain that Metro Bank PLC misinformed them when they were porting their mortgage to a new property and it hasn't refunded the full early repayment charge (ERC) they paid.

What happened

Mr and Mrs T's interest-only mortgage with Metro was on a fixed interest rate which ended in May 2024. In 2024 Mr and Mrs T wanted to make overpayments to the mortgage without incurring an ERC, take a new fixed interest rate to avoid paying interest at Metro's standard variable rate, and then port their mortgage to a new property without incurring an ERC.

In March 2024 they asked Metro about how much they could overpay and about the porting process. Metro told them how much they could overpay each year without an ERC and that, as existing customers with a loan to value of less than 50%, a porting application would be straightforward and would require very little paperwork.

Mr and Mrs T made some lump sum overpayments to reduce the mortgage balance. Through a broker, they then arranged a new five-year fixed interest rate product which was put in place in May 2024. At the end of May 2024 they asked to port the mortgage to a new property.

Mr and Mrs T then found that the process of applying to port their mortgage wasn't as straightforward as Metro had led them to expect. They had a buyer for their property lined up and they didn't want to lose the sale, so they sold the property before Metro approved their porting application. The sale completed on 14 June 2024 and the Metro mortgage was repaid – including an ERC of more than £8,000.

Mr and Mrs T have said that they had to move into temporary accommodation and incurred additional and unexpected costs as a result. Metro later approved their application to port the mortgage to the new property, and this completed on 16 August 2024.

Mr and Mrs T have said that they were expecting a full refund of the ERC, since Metro had told them and their solicitor that this is what they would get following completion. But Metro didn't refund the full ERC; the refund was around £1,700 short. They complained.

Metro said it had given Mr and Mrs T the right information about their overpayment allowance. It also said it had refunded the right amount of the ERC on completion of the mortgage on their new property, because they hadn't ported the full mortgage balance. It accepted it hadn't been clear about this or about what it would require to consider their porting application. It apologised and paid them £250 compensation.

Mr and Mrs T weren't happy with that and asked the Financial Ombudsman Service to look into their complaint. Our Investigator found that Metro had made mistakes, but he didn't think that Mr and Mrs T had lost out financially as a result. He said Metro should pay Mr and Mrs T some more compensation to reflect the impact on them of what went wrong, and

recommended that Metro pay Mr and Mrs T a further £150, to make overall compensation of £400.

Metro accepted that recommendation but Mr and Mrs T did not. They wanted compensation for their additional costs and a full refund of the ERC.

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.

I don't think that Metro dealt well with Mr and Mrs T's enquiries and requirements. It caused avoidable confusion and led Mr and Mrs T to expect firstly that their porting application would be more straightforward than it in fact was and secondly that they would receive a full refund of the ERC they paid when that wasn't the case. I'll set out my findings on each issue in turn.

Metro told Mr and Mrs T when they phoned to ask about overpayments and porting the mortgage in March 2024 that porting would be a straightforward process requiring very little paperwork. That however turned out not to be the case; Metro required them to go through a full application process which included asking them to provide details of their finances.

Metro has accepted that it misled Mr and Mrs T, so there's no dispute about that. I have also kept in mind that they weren't borrowing any more money and the terms of the mortgage were to remain the same so, under the rules of mortgage regulation, Metro wasn't required to do a full affordability assessment. That doesn't mean however that it wasn't permitted to assess affordability, even though it didn't have to do so. I would expect it to have considered Mr and Mrs T's application taking into account their best interests. In the circumstances I think Metro was reasonable in wanting to understand their circumstances before agreeing to their application – particularly as theirs was an interest-only mortgage with only a few years left on the term, and the move would result in a slight increase in the loan to value.

Even if Metro had chosen not to carry out an affordability assessment, it would have had to consider Mr and Mrs T's application and the suitability of the new property they were buying as security. A valuation had to be instructed, completed and reviewed, a mortgage offer issued, and legal work carried out. All of this would have taken time.

Mr and Mrs T applied to port the mortgage at the end of May 2024, once the new fixed interest rate was in place. They told Metro that they had a sale agreed for 7 June 2024 and they would be moving out of their existing property on 6 June 2024. The sale of the property ultimately completed a week later, on 14 June 2024. Metro had not by then agreed that the mortgage could be ported.

I can understand why Mr and Mrs T decided to go ahead with the sale of their property despite the uncertainty about whether they would be able to port their mortgage. They didn't want to lose the sale. However, I think the timeframe was very tight and, even though Metro misled them about what it would need to consider their porting application, I can't see that it committed to a timescale or told them that a mortgage on their new property could be agreed in the space of just a week or two.

There simply wasn't enough time for Metro to have considered Mr and Mrs T's porting application before the property sale completed, it didn't commit to a timescale, and I haven't found that it caused unreasonable delay in dealing with the application once it was received. It issued a mortgage offer on 9 July 2024. Completion didn't take place until around five weeks later, on 14 August 2024.

In the circumstances, it seems very likely that Mr and Mrs T would always have had to move into rented accommodation for a time following the sale of their property, had Metro not misled them. In any event, they haven't provided any evidence of the costs they say arose as a result of the time the application took and which they weren't expecting, despite having been asked to do so.

Metro has also accepted that it misled Mr and Mrs T and the solicitors acting for them in the purchase of their new property about the ERC refund they would receive. It told them that it would refund the whole ERC once the mortgage had been ported. That wasn't right.

The relevant mortgage offer set out how much the ERC could be if the mortgage were repaid early, during the five-year fixed rate period. At section 9 it said the mortgage could be ported provided:

“(ii) you pay any applicable early repayment charge. If you transfer your Mortgage within the period when early repayment charges apply and the new loan is for less than the amount you owe, an early repayment charge will be applied to the difference between the amount you owe and the new loan”

Mr and Mrs T's new mortgage was for less than the old one. The balance of the mortgage when it was repaid on the sale of the old property was around £165,000 and the ported balance was around £69,000 – so Mr and Mrs T were liable to pay an ERC on the difference, less the 20% annual overpayment allowance. I'm satisfied that this is the basis on which Metro calculated the ERC refund and this is why Mr and Mrs T only received a refund of part, but not all, of the ERC.

I recognise that Mr and Mrs T think Metro should honour the full ERC refund it told them they would get. However, they were never entitled to that because they didn't port the full remaining mortgage balance. Metro gave them wrong and misleading information – but the usual remedy for that is to consider what they would have done differently if they had been given the right information. The remedy is not to put Mr and Mrs T in the position they would have been in if Metro's wrong information had been true, because that's not something they could ever have had.

Mr and Mrs T were clearly keen to move and downsize, and they haven't said anything which leads me to conclude that they're likely not to have gone ahead with the move had Metro not misinformed them – about either the ERC or the ease or otherwise of a porting application.

I haven't seen anything to show that Metro misled Mr and Mrs T about the overpayments they could make to the mortgage. The ERC wasn't applied because of the overpayments Mr and Mrs T had made. It was applied because the mortgage was repaid in full in June 2024, when Mr and Mrs T sold their property, and Metro took proper account of their overpayments in calculating it.

For these reasons, I can't fairly make any award to Mr and Mrs T for losses. I've thought very carefully about a fair award for non-financial loss. Metro led Mr and Mrs T to understand that porting their mortgage would be more straightforward and cost less than was the case. It's clear that they found the process frustrating and confusing because of Metro's poor communication, and all of this caused additional stress and uncertainty at what was already a stressful time of selling and buying property and moving house.

In all the circumstances, and bearing in mind our approach to awards for non-financial loss which is set out on our website, I consider that £400 is fair in total to reflect the considerable distress and upset Mr and Mrs T were caused.

My final decision

My final decision is that Metro Bank PLC should pay Mr and Mrs T £150 compensation, on top of the £250 it has already paid them.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr T and Mrs T to accept or reject my decision before 1 December 2025.

Janet Millington
Ombudsman