

The complaint

Ms S is unhappy that, when she wanted to initiate a product switch on her mortgage, Leeds Building Society (LBS) required her to go through a re-mortgage application. To settle the complaint, Ms S wants LBS to compensate her for the upset and inconvenience caused to her, and for financial loss.

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 Ms S being identified.

In addition, LBS has made an offer of compensation, so I don't need to analyse the events giving rise to the complaint in depth; all I need to determine is whether LBS's offer is fair, or whether there is more LBS needs to do to put things right.

So for these reasons, I will instead concentrate on giving a brief summary of the complaint, followed by the reasons for my decision.

Ms S owns a property mortgaged to LBS. This was originally a residential mortgage, but from 2016 Ms S was granted permission to let the property out. Since then, Ms S had regularly switched her interest rate, choosing products from LBS's BTL rates.

In January 2025, in anticipation of her current BTL interest rate product coming to an end on 31 May 2025, Ms S was told by LBS to look at the available products online so she could choose a new rate. However, this was an error because LBS later noted that the mortgage was still classified as regulated, when it should, as it was secured on a property that was permanently rented out. As a result, Ms S was told by LBS in mid-April 2025 that she'd need to go through an application process to change it to an unregulated BTL mortgage.

Ms S was unhappy about this, and complained. LBS said that it would ensure Ms S wasn't out of pocket, and that if the process extended past 31 May 2025 (meaning her mortgage would revert to LBS's Standard Variable Rate (SVR)), it would backdate any new product. LBS also said it would cover all costs involved in the process (including legal costs), and offered compensation of £200 for any inconvenience caused to Ms S as a result of having given her incorrect information in January 2025.

Ms S wasn't satisfied with this, and complained to our service. An Investigator looked at what had happened, but was satisfied LBS had done enough to put things right.

Ms S disagreed and asked for an Ombudsman to review the complaint.

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 crux of Ms S's complaint is that, if she'd been told in January 2025 that she'd need to make an application, this would have given her time to shop around other BLT lenders to see if she could get a better rate. However, given that she wasn't told until April, Ms S felt she had no option but to stick with LBS and so was limited to its available range. Ms S is concerned that she might now be paying more than if she'd moved to a new lender.

First of all, LBS is required to ensure that its mortgages are compliant with regulations. A BTL mortgage is unregulated, so it was incorrect for LBS to have continued to categorise Ms S's mortgage as regulated, when it wasn't. I'm satisfied it was reasonable for LBS to change Ms S's mortgage to an unregulated one.

I've noted what Ms S has said, and I do understand why she's unhappy that she wasn't told in January 2025 that she'd need to make a full application. However, I'm not persuaded that, even if LBS hadn't made this error, Ms S would have acted differently.

I say this because arranging a new BLT mortgage with another lender would involve having to go through a mortgage broker. This is because the majority of BTL lenders do not take direct applications from borrowers. There would also be application and legal fees, and for BTL mortgages these (particularly the lender's application fee) can be very high. This would be the case even where, as with Ms S's mortgage, the loan to value (LTV) is low.

Ms S hasn't provided any evidence of any financial loss. However, I note that a leading BTL lender was offering a two-year fixed rate of 3.39% in January 2025, for a LTV of up to 65%, but that this came with a fee of 3% of the amount borrowed, which would be almost £3,000 for Ms S's mortgage. This doesn't include broker or legal fees.

Given this, I'm not persuaded that Ms S would have acted differently if she'd been told in January 2025 that she'd need to make a new application, taking into account the overall costs involved of moving to a new lender.

In the circumstances, I'm satisfied LBS's offer to backdate any new rate Ms S chose is fair and reasonable. I'm also satisfied the offer of £200 compensation is appropriate and proportionate to the error LBS made in January 2025 when it incorrectly told Ms S to choose a new product from its available range.

Because I'm satisfied the redress and compensation LBS has offered is fair, I'm not persuaded it would be fair to order it to do anything further. I'm aware that Ms S has raised further concerns about the re-mortgage process, but as these weren't part of the original complaint, they are being dealt with separately and I can't comment on those matters.

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 Miss S to accept or reject my decision before 3 March 2026.

Jan O'Leary

Ombudsman