

## The complaint

Mr and Mrs T complain about problems applying for a new interest rate product on their mortgage with Clydesdale Bank Plc trading as Yorkshire Bank.

## What happened

Mr and Mrs T have a mortgage with Yorkshire. Their previous interest rate was due to expire on 30 June 2025, so they decided to apply for a new rate.

Mr and Mrs T went online to apply. Yorkshire offers different interest rates depending on the loan to value (LTV) of their property. As part of their application, Mr and Mrs T said the property was worth around £155,000 – which was the value given the last time it was valued, in 2023. They completed an application for a new rate on that basis.

Yorkshire refused the application. It said the property was worth considerably less than that, so Mr and Mrs T weren't eligible for the rate they'd applied for based on that LTV. They would either have to select a different rate or make a lump sum payment to reduce the mortgage balance.

Mr and Mrs T complained. Yorkshire accepted that there had been a problem with their application. Its system had wrongly applied an earlier valuation of £115,000 (increased to a current index value of £136,000), rather than the most recent valuation of £155,000, to their application. The difference between the 2021 valuation of £115,000 and the 2023 valuation of £155,000 was because Mr and Mrs T had had work done on the property in the meantime.

Yorkshire said it had now issued a new interest rate offer based on the valuation of £155,000, with the correct interest rate based on that LTV, in time for the new rate to complete on expiry of the old one. It accepted that this had caused Mr and Mrs T upset, and that there had been further problems in resolving their complaint. It offered £200 compensation.

Mr and Mrs T initially accepted that resolution. The new interest rate offer was issued on 25 March to start on 1 July. Between those two dates interest rates reduced, so Mr and Mrs T went online to replace the March offer with a new lower interest rate. They encountered the same problem again, as it appeared Yorkshire's system was still using the wrong older valuation. Mr and Mrs T complained again. They said the problem hadn't been resolved, they still couldn't apply for a new rate online, and they'd by now spent many hours on the phone trying to get things sorted out. They also felt that their property was worth more by now, so using the 2023 valuation of £155,000 wasn't fair.

Yorkshire apologised for the further issues Mr and Mrs T had experienced. It said it used the most recent physical valuation when deciding what rates to offer, so it was correct to use the 2023 figure. It offered a further £400 compensation on top of the previous £200.

Mr and Mrs T weren't happy with that. They didn't think that £600 fairly reflected the impact the whole situation had had on them. They explained that their family circumstances at the

time – including caring responsibilities and a recent bereavement – meant it had had a particular impact on them. Our investigator thought Yorkshire had made a fair offer so Mr and Mrs T asked for an ombudsman to review their complaint. They felt that compensation of up to £1,500 was more appropriate.

### **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.

Firstly, I've considered whether Mr and Mrs T ended up on the best interest rate for them, or whether there was financial loss.

Yorkshire offered a rate of 4.34%, fixed for two years, on 20 June 2025. This rate was based on a valuation of £155,000 and a loan balance of £90,853 – giving an LTV of 58.6%. This replaced earlier rates offered of 4.39% on 6 June, 4.55% on 9 May, and 4.60% on 25 March. All three rates were based on the same valuation and LTV. I've checked and 4.34% was the best available rate before implementation on 1 July, rates having reduced on 18 June. That was the rate that was finally put in place.

I agree that I would generally expect a product switch offer to be based on the current value of a property – not a valuation that's two years out of date. That doesn't mean a new physical inspection by a surveyor is required. It's standard practice in the mortgage industry to use a valuation index, which applies local house price inflation to the last known value, though a physical valuation could also be carried out. Yorkshire did apply an index increase when it wrongly relied on the 2021 valuation, so it's not clear why it didn't do so when relying on the 2023 valuation instead.

However, I don't think Yorkshire's reliance on the 2023 valuation without updating it (either through a new physical or an updated index valuation) caused Mr and Mrs T any financial loss in this case. That's because the lowest LTV band Yorkshire uses when offering new interest rates is 65%. Even using the 2023 valuation without indexing, Mr and Mrs T's LTV was comfortably below that. A more up to date valuation, which would probably have given a higher value and therefore a lower LTV, wouldn't therefore have made any difference. Mr and Mrs T were already in the best LTV band and a higher valuation wouldn't have given them access to any better rates than the ones Yorkshire offered.

I'm therefore satisfied that Mr and Mrs T weren't, in the end, caused any financial loss. They've ended up on the best rate that was available to them at the time – had their property been treated as worth more, that wouldn't have changed because they were already in the best LTV band. And they were able to update the rate offered each time rates reduced in the period between March and the end of June. So they've ended up on the right rate. But that's not the only issue I have to decide. It's clear that this whole process was made more difficult than it needed to be, and that this had a big impact on Mr and Mrs T.

Yorkshire accepts that each time Mr and Mrs T tried to apply for a rate, they were unable to take a rate at the lower LTV because its systems used the 2021 valuation not the 2023 valuation. This was because it hadn't registered the 2023 valuation properly at the time it was carried out. This wouldn't have been an issue if it had used an up to date valuation rather than relying on out of date historic ones. As it was, the problem of using the wrong historic valuation meant that the process of securing a new interest rate took longer and was more difficult than it needed to be.

## **Putting things right**

Yorkshire accepts that this caused Mr and Mrs T unnecessary distress, delay and inconvenience. That's not in doubt. It's offered, in total, £600 compensation for the impact its mistakes had on Mr and Mrs T. What I need to decide is whether that's fair compensation, or whether it should be increased.

In thinking about that, I've taken into account everything Mr and Mrs T have said. In particular, I've factored in the inconvenience of the many calls and other contacts they had with Yorkshire trying to get things sorted out. I've taken into account the worry that they might end up with a more expensive mortgage than they should have had (even though this didn't happen in the end, it would have been a worry at the time).

And I've taken into account the impact all this had on Mr and Mrs T in the very difficult circumstances they were already experiencing at the time. Mr T has explained that they had caring responsibilities for a vulnerable family member, and that this was a particularly difficult period – I'm not going to set out all the details here, because my decisions are published so I need to protect their anonymity – but I've noted everything they've said. At the same time, and separately to that, they also experienced a bereavement. Mr T in particular has explained the impact all this has had on his mental health and wellbeing and I've very sorry to hear about what's happened and everything both he and Mrs T have been through.

As I say, I've taken all this into account. On the one hand, Mr and Mrs T were clearly going through a very difficult and upsetting period. Even if nothing had gone wrong with their mortgage at the same time, their wider circumstances would have had a significant impact on them. I can only require Yorkshire to compensate them for the problems it caused – not for the wider circumstances they were experiencing. On the other hand, because of everything else that was going on, it's clear that the mistakes Yorkshire did make had more of an impact on Mr and Mrs T than the same mistakes might have had on other customers not experiencing those problems. I need to award compensation that reflects the particular impact of what Yorkshire did wrong on Mr and Mrs T in their own circumstances as they were at the time.

I've thought very carefully about this. In doing so, I've taken into account our guidelines on appropriate awards of compensation.<sup>1</sup> I'm satisfied this is a case where there has been an ongoing issue, which has impacted Mr and Mrs T over a few months, and which has taken a lot of extra effort on their part to sort out – and that, given everything else which was going on, the worry caused, and the extra effort involved, had a particular impact on them. In the circumstances, had Yorkshire not already made an offer, I think an award towards the upper end of the £300 to £750 band would have been appropriate. Yorkshire has offered £600, which is roughly what I would have awarded had no offer been made. In the circumstances, I think that's a fair offer. I understand no payment has yet been made, pending the outcome of this complaint. So I'll require Yorkshire to make payment now, if Mr and Mrs T accept my decision.

## **My final decision**

My final decision is that Clydesdale Bank Plc trading as Yorkshire Bank has made a fair and reasonable offer to settle this complaint. It must pay Mr and Mrs T a total of £600 compensation, if it hasn't already done so.

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<sup>1</sup> Set out on our website at <https://www.financial-ombudsman.org.uk/consumers/expect/compensation-for-distress-or-inconvenience>

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr and Mrs T to accept or reject my decision before 24 February 2026.

Simon Pugh  
**Ombudsman**