

The complaint

This complaint is about a mortgage Miss N holds with Furness Building Society to fund a new-build project. There are several strands to the complaint, most of which arise from difficulties Miss N has experienced in her dealings with Furness as the project started and then progressed.

Additionally, Miss N is unhappy with the involvement in the building project of a third-party intermediary I'll refer to as B. For the avoidance of ambiguity, a separate complaint has been set up to look into Miss N's dissatisfaction with B; here, I deal solely with the complaint against Furness.

What happened

Miss N made the complaint to Furness in October 2023, and Furness addressed it in a final response letter (FRL) dated 8 November 2023. Miss N contacted us to look into the complaint. One of our Investigator's looked into it, but thought that Furness had dealt with the complaint fairly. She didn't recommend any further redress.

Miss N asked for the complaint to be reviewed by an ombudsman; it was passed to me. On my initial review, I noted that one of the points Furness had addressed in its FRL related to an increase in the contractual monthly payment – also in November 2023 - following the expiry of the initial fixed interest rate product. Miss N had been unhappy with the short notice of the change, and as a remedy, Furness agreed to collect the lower amount in November 2023, and start collecting the higher amount from December 2023.

What wasn't explained in the FRL, however, was that Furness still charged the full amount of the new payment in November 2023; it merely collected the old amount, with the uncollected difference being left outstanding on the mortgage balance. We checked with Miss N whether she had realised this at the time, and if she had not, whether she now wished to add this to the complaint. Miss N confirmed she hadn't realised what had happened, and that she would like how the November 2023 payment had been handled to be added to the complaint.

When the Investigator looked into this additional point, she recommended Furness waive the differential interest (around £545) and pay Miss N £200 compensation for her time, trouble, and upset. Furness made the interest refund to the mortgage account, and agreed to pay the £200, but Miss N remained unhappy with the wider complaint. Accordingly, the case came back to me.

What I've decided – and why

I'll start with some general observations. We're not the regulator of financial businesses, and we don't "police" their internal processes or how they operate generally. That's the job of the Financial Conduct Authority (FCA). We deal with individual disputes between businesses and their customers. In doing that, we don't replicate the work of the courts.

We're impartial, and we don't take either side's instructions on how we investigate a complaint. We conduct our investigations and reach our conclusions without interference

from anyone else. But in doing so, we have to work within the rules of the ombudsman service

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Having done so, it does seem to me that the greater proportion of Miss N's frustrations over the progress of her self-build project are directed at B. As I've said above, Miss N has initiated a separate complaint about B. That forms no part of what I'm looking at here. My focus is on the dispute with Furness alone, and deals with the subject matter covered in the November 2023 FRL, *and* how Furness handled the adjustment it made to the November 2023 payment.

The decision in principle (DIP)

When the application was first submitted, Furness issued a DIP indicating that it might be willing to lend up to £260,000, albeit this was not guaranteed. Once it had carried out its underwriting checks, and eliminated an error in the initial affordability assessment, Furness eventually concluded that it was only prepared to offer £244,000. Whilst I appreciate that would have been disappointing for Miss N, I'm satisfied Furness let it be known the figure in the DIP wasn't guaranteed.

For raising her expectations wrongly, Furness refunded the valuation fee of £355, which I think was fair. It's not for me to second-guess how much Furness should have been willing to lend Miss N, either at the outset or later when Miss N was under financial strain and needed extra funds to progress the build project. That's a matter for Furness' commercial judgement, by reference to its lending policy.

Notification of the new payment

The initial interest rate product ended in October 2023, and Furness accepts it could have given Miss N more notice of the resulting increase in the monthly payment. Deferring that increase for a month by only collecting the previous amount in November 2023 was a reasonable response, in itself. It gave Miss N more time to consider other options. However, the way Furness did that, and the lack of clarity in how it communicated what it did, became a separate issue in its own right, which I'll come to shortly.

Options for help with progressing the project

The ending of the interest rate product, and the increase in the monthly payment, coincided with a period of financial strain for Miss N, because the self-build project had stalled. She had stretched all her financial resources to keep it moving, and because the property wasn't yet habitable, she couldn't change the mortgage to a residential rate.

I've looked at everything that both parties have said and provided on the dialogue that took place between Miss N and Furness. I don't think Furness was unsympathetic or unhelpful towards Miss N's situation; it's just that with the property unfinished and uninhabitable, Furness' options for forbearance and/or assistance were limited.

Other matters

Miss N has found typos in communications from Furness, and at one point, her telephone number was incorrectly captured. Of course, errors of this type are irksome, and will inevitably generate an even greater sense of annoyance when set against the backdrop of the underlying problems Miss N was experiencing. However, they didn't, in and of

themselves, cause financial detriment, and in my view, their 'nuisance value' wasn't sufficiently serious to warrant a further compensation payment.

The November 2023 payment adjustment

Agreeing to only collect the old payment in November 2023 following the end of the initial interest rate product was a helpful response to the late notification that the payment was going up. Unfortunately, Furness then undid much of the value of that response by not making it clear that it was still charging the full amount to the mortgage account. Miss N only became aware of this when we drew it to her attention; it was then added to the complaint. I've considered the remedy that our Investigator recommended for this, and find it to be fair in all the circumstances. Furness has partly implemented the remedy, by applying the adjustment to the mortgage account. All that leaves for Furness to do is to pay Miss N £200 compensation.

In summary, there's no doubt in my mind that Miss N has faced many challenges during her ambitious project. Some of those challenges flow from mistakes that Furness made, albeit not as many as Miss N thinks. I do understand the stresses she has experienced, and I'm not unsympathetic. However, I have to take a step back, look at everything in its wider context, and keep in mind that many of Miss N's frustrations were with B* rather than Furness. When I do that, I consider that for the most part, Furness has responded to Miss N's complaint fairly and reasonably. For the remaining part, our Investigator has recommended a fair settlement, which Furness has accepted.

*To be clear, I imply no criticism of B here, and none should be inferred; Miss N's dealings with B will be looked into separately.

My final decision

My final decision is that I uphold this complaint in part only. In full and final settlement, I direct Furness Building Society to pay Miss N £200. I make no other order or award.

My final decision concludes this service's consideration of this complaint, which means I'll not be engaging in any further discussion of the merits of it.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss N to accept or reject my decision before 23 March 2026.

Jeff Parrington

Ombudsman