

## **The complaint**

Mr and Mrs H complain that Yorkshire Building Society ('YBS') didn't allow them to withdraw from a product transfer and that this has, in turn, led to them incurring an early repayment charge (ERC). They also complain about the information and service provided by YBS during the product transfer process.

## **What happened**

Mr and Mrs H had an existing mortgage with YBS which was split into six parts. The fixed interest rate products for three of those parts (1, 4 and 6) were due to end on 30 June 2025. The fixed interest rate products for the other three parts (2, 3 and 5) had different end dates which ranged from 31 July 2025 to 31 January 2027.

Mr and Mrs H requested new interest rate products for the parts 1, 4 and 6 in around March 2025. And YBS issued a product switch offer dated 11 March 2025. Mr and Mrs H contacted YBS a few times after this to change the product switch to reflect the lower rates YBS then had available. The final product transfer offer was issued by YBS on 27 May 2025.

Mr and Mrs H enquired about cancelling their product transfer around the start of June. YBS referred their request to the relevant team and, a couple of weeks later, it confirmed that it would not agree to cancelling the product transfer.

Around this time, Mr and Mrs H complained. YBS accepted there had been an error where all parts of the mortgage were to be incorrectly placed on the new fixed rate, but a corrected mortgage offer had since been issued. YBS also accepted that it should have provided more help to Mr and Mrs H when they had contacted it about changing their product switch interest rate under the mortgage charter. It also noted that it had taken longer than it should have to respond to an email from Mr and Mrs H. YBS offered to pay Mr and Mrs H £200 compensation to recognise the impact of the identified issues. However, it said that when Mr and Mrs H accepted the product switch offer in March 2025 they agreed to the terms and conditions, which included waiving their rights to withdraw. YBS is not, therefore, able to withdraw the product switch.

Mr and Mrs H redeemed the mortgage in full just under a month later and incurred ERCs when doing so. As I understand it, they remortgaged to another lender.

In the meantime, Mr and Mrs H referred their complaint to the Financial Ombudsman Service. Our Investigator thought the complaint should be upheld and that YBS should refund the ERCs Mr and Mrs H have incurred. He also concluded that YBS's offer to pay Mr and Mrs H £200 compensation was fair and reasonable.

YBS didn't accept the Investigator's recommendations. Because a resolution couldn't be reached, the complaint has come to me to decide. I reached a different outcome to the Investigator so I issued a provisional decision.

## **My provisional decision**

I said:

“The crux of this complaint centres around Mr and Mrs H’s understanding that they could cancel their product switch within seven days of the final mortgage offer, dated 27 May 2025, and instead move onto YBS’s standard variable rate (for parts 1, 4 and 6). That would mean they could move to another lender without paying an ERC on those parts of their mortgage. However, YBS says that Mr and Mrs H agreed to the product switch when they accepted the initial offer in March 2025 and subsequent offers. And that, by doing so, they waived their right to withdraw from the product switch.

I’ve first looked at the offer dated 11 March 2025. And I note it says:

- On the first page: “You are not bound by the terms of this Product Transfer Offer until you have accepted this offer.”
  
- In section “9. Your other rights as the borrower – Continued”:
  - o “You have a “reflection period” which gives you an opportunity to consider this offer document, assess the implications and make an informed decision about whether to proceed. This reflection period begins on the date you received this offer document and expires 7 days after that date. During this period this offer remains binding on us as a lender. However you are free to accept this offer at any time during the reflection period and you do not have to wait for the 7 days to run out.”
  
  - o “Once you have accepted this product transfer you will not have the right to withdraw. However, you will have the right to repay the entire loan in accordance with the terms and conditions of your mortgage. For example, this would mean that any early repayment charges referred to in this Product Transfer Offer would need to be paid as part of the repayment of the loan.”

Mr and Mrs H accepted this product transfer offer and, ultimately, did not then have the right to withdraw from it. However, under the mortgage charter, they were able to change the interest rate products they’d applied for so long as they did so more than two weeks before the new products were due to take effect. Mr and Mrs H exercised the ability to do that by asking YBS to change the interest rate products on a few occasions. And, each time, YBS issued a new product transfer offer containing the same wording as that I have set out above. On accepting the later product transfer offers, Mr and Mrs H were unable to withdraw from those either.

I agree with Mr and Mrs H that they were entitled to cancel the product transfer offer dated 27 May 2025, as they did so within seven days of receiving it. However, the right of reflection within the offer gave Mr and Mrs H the ability to consider that offer document and whether to proceed with it. The reflection period in the latest offer (or any other part of the offer) didn’t give them the right to cancel previous product transfer offers they had already accepted – they no longer had the right to cancel those because the reflection period for those offers had passed. So, by cancelling the 27 May product transfer offer, the most recently accepted product transfer would instead apply.

In other words, while the reflection period allows a consumer to cancel the individual product transfer offer, I'm not satisfied it gives them the right to override the product transfer offer they had already agreed to and were bound by. This is also reflected in YBS's online process which I understand Mr and Mrs H tried to use on at least one occasion. I've seen screenshots of the information that Mr and Mrs H would have seen, including what would happen if they applied for a new deal and decided to cancel it. It says, "We will move you to the previously agreed rate once your current product matures." Towards the end of the online form, it says "The revised offer will be deemed accepted unless I contact you [YBS] to tell you [YBS] otherwise."

Overall, I'm not persuaded it would be fair and reasonable to suggest Mr and Mrs H's last product transfer offer – or any issued after the March 2025 offer – gave them the right to override their acceptance to previously accepted product transfer offers. I'm also not persuaded the mortgage charter changes this.

The mortgage charter brought in the ability, from 10 July 2023, for consumers to change their new interest rate deal for a better like for like deal with their lender during the product switch process. The intention behind this is to help protect consumers from changing market conditions by being able to manage their product switch up until two weeks before it's due to be applied – which Mr and Mrs H were able to do. I haven't seen anything to suggest it gives consumers the right to cancel a binding product transfer offer so they can instead move to another lender.

I appreciate Mr and Mrs H feel very strongly about this complaint. But I'm afraid I don't currently consider I can fairly uphold it. I do not consider they had the right to withdraw from their product switch completely for the reasons I've explained above. And I note Mr and Mrs H were also aware they'd need to pay ERCs if they moved their mortgage to another lender, but they decided to do so anyway. Ultimately, YBS was entitled to apply ERCs in line with the last accepted product transfer offer when they decided to repay the mortgage early, instead of proceeding with their product transfer. I don't provisionally consider it would be fair or reasonable to require YBS to refund the ERCs Mr and Mrs H have been charged in line with the mortgage agreement.

I feel it's also important to add that even if I had agreed that Mr and Mrs H could withdraw from the product switch completely, they would always have needed to pay ERCs on the other parts of their mortgage. So, it wouldn't have been fair, even in those circumstances, to require YBS to refund all the ERCs.

I can see that there were times YBS provided incorrect information to Mr and Mrs H and that, on other occasions, it could have been more helpful in supporting them to change their product switch to a different deal and by responding more quickly. YBS corrected the information it had provided, accepted it could have provided better service, and it paid Mr and Mrs H £200 compensation to recognise that. I consider this is a fair way for YBS to recognise the distress and inconvenience caused by these issues. I don't, therefore, provisionally require YBS to do anything further than that."

YBS didn't respond to my provisional decision. Mr and Mrs H didn't agree with my decision. They feel they were denied the right of reflection, that the terms of the final offer should prevail over any previous offer and that if the right of reflection doesn't apply, that it shouldn't be included in the mortgage offer document. Mr and Mrs H also raise concerns about whether the information was clear, fair and not misleading and they note they were only able to complete the first product transfer online, not their later requests to apply for a different interest rate.

## **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 appreciate Mr and Mrs H feel very strongly about their complaint. But there is little I can add to my provisional findings.

I'm unable to agree with Mr and Mrs H that they were denied the right to the reflection period. They were able to cancel the final product they had applied for within that timescale. But, as I've explained, while the reflection period allows a consumer to cancel the individual product transfer offer, I'm not satisfied it gives them the right to override the product transfer offer they had already agreed to and were bound by. I'm not persuaded the information within the mortgage offer was unclear or misleading either. And YBS is required to include a reflection period within mortgage offers, in line with mortgage regulation.

I remain of the view that it wouldn't be fair to say Mr and Mrs H should have been allowed to cancel the product transfer process without incurring an ERC in these circumstances. And that it was fair and reasonable for YBS to apply the ERCs Mr and Mrs H were contractually required to pay because of them exiting their mortgage early.

Mr and Mrs H decided to move to another lender, despite having an interest rate deal already in place with YBS and despite knowing they would incur ERCs by moving. Mr and Mrs H had an opportunity to mitigate their losses by remaining with YBS, but they chose to move despite the loss they knew they would incur. I can't fairly hold YBS liable for that.

I've carefully considered again my provisional findings alongside Mr and Mrs H's responses and, having done so, I see no reason to depart from them. Overall, while I appreciate it will come as a disappointment to Mr and Mrs H, I find that I can't fairly uphold this complaint.

## **My final decision**

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H and Mrs H to accept or reject my decision before 8 May 2026.

Keith Barnes  
**Ombudsman**