

complaint

Mr and Mrs H complain that Yorkshire Building Society treated them poorly and gave them poor advice. They want compensation.

background

Mr and Mrs H had a fixed interest-rate mortgage with Yorkshire. They wanted to buy a second property and wanted a mortgage to do so. Mr and Mrs H also said they wanted to re-mortgage and were willing to pay the early repayment charge as they believed they could get a much lower interest rate and be better off.

Mr and Mrs H arranged several face-to-face appointments to discuss their needs, which they said were cancelled. One meeting was cancelled when Mr and Mrs H were travelling back from a holiday they'd cut short in order to meet with Yorkshire. When they met a mortgage advisor, Mr and Mrs H said they were told they mightn't be able to borrow the full amount they wanted to buy the second property.

After paying application fees, Yorkshire refused to lend the full amount Mr and Mrs H wanted, but it repaid the application fees. Yorkshire said the second mortgage wasn't affordable due to the existence of Mrs H's elder children and the costs of owning two properties. Mr and Mrs H felt their time had been wasted by Yorkshire, and were unhappy they were asked for their bank statements to support their application. Mr and Mrs H also felt Yorkshire should've advised them earlier they could re-mortgage at a lower interest rate; they said they were advised by Yorkshire not to do so years earlier. Mr and Mrs H moved to another lender, though they were still contacted by Yorkshire afterwards.

Mr and Mrs H complained to Yorkshire, who said it had to see the bank statements as Mr and Mrs H wanted to borrow more money. It was sorry it took so long for arrange a meeting in person, but said telephone advisers were always available. It wasn't willing to give details of its affordability policy as it was confidential, but felt it didn't give Mr and Mrs H all the information it should've until late into the process. It agreed it could've been better at refunding their fees and that it was poor customer service to cancel appointments at short notice, particularly when a holiday had been cut short to attend. It paid £225 compensation for its mistakes.

Mr and Mrs H complained to us. The adjudicator explained the sorts of things Yorkshire considered to decide if lending is affordable. She thought Yorkshire had acted fairly and reasonably in asking to see their bank statements. The cancelled appointments hadn't been avoidable as this was caused by events outside of Yorkshire's control, and it had telephone appointments available. The adjudicator explained that Yorkshire had contacted Mr and Mrs H after they'd re-mortgaged elsewhere as their solicitor hadn't paid the mortgage off in full. She didn't uphold the complaint as she thought Yorkshire's offer was fair and reasonable.

Mr and Mrs H disagreed. They said they hadn't received £225 from Yorkshire, and that one of the older children had a full-time job. The adjudicator explained Yorkshire's policy was to include all children over 17 in the household in their affordability calculations whether or not they had a job. Mr and Mrs H felt their points hadn't been properly considered and raised concerns about the advice they said they got years ago not to re-mortgage.

my findings

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

Mr and Mrs H were clear in their complaint letter to the Financial Ombudsman Service they weren't complaining about the advice they said they received years ago not to re-mortgage. Mr and Mrs H have said they wanted to re-mortgage their original mortgage, but that isn't the application they made. Mr and Mrs H applied to borrow more money in order to buy a second property. If Mr and Mrs H wanted to re-mortgage to a lower rate without borrowing more money, it's fair and reasonable for Yorkshire to expect them to apply. Mr and Mrs H were aware that they could make the application and how the early repayment charge would be worked out.

The mortgage adviser who assisted Mr and Mrs H with their application is clear that they applied to borrow more money, not to re-mortgage the original borrowing. Mr and Mrs H accept they signed the application form, and as both are professionals I think it's fair and reasonable for Yorkshire to have expected them to have read the form to check what they were applying for was what they wanted.

I can't give details of Yorkshire's confidential lending policies, but I can confirm children over 17 form part of the calculations whether or not they are in work. It is a matter for Yorkshire's commercial judgement whether or not it's willing to lend more money, provided it applies its judgement fairly to all consumers – I think it did apply its policy fairly and reasonably in this case. Further, Yorkshire was fair and reasonable to ask to see financial information, particularly given the current mortgage rules, though I note Mr and Mrs H seem to have accepted its explanation.

I note Yorkshire has written off the small shortfall owed to it as it had previously written to Mr and Mrs H to say no further payments were needed.

I agree that it's poor customer service to cancel appointments at short notice. I appreciate it can be difficult to arrange face-to-face meetings which perhaps is why Yorkshire also offers a telephone service, but if it is necessary to cancel a meeting, it should be done as soon as possible. Yorkshire also agrees it has made a mistake here, together with problems in refunding the application fees and supplying information, and has offered £225 compensation. As I think most of Mr and Mrs H's trouble and upset is about the refusal to lend the amount they wanted, I think this sum is fair and reasonable compensation. Mr and Mrs H have said they haven't received it; Yorkshire should check whether or not the cheque has been cashed and ensure Mr and Mrs H do receive their compensation.

my final decision

My final decision is that I don't uphold the complaint and I leave it up to Mr and Mrs H whether or not to accept the compensation offered by Yorkshire Building Society. Under the rules of the Financial Ombudsman Service, I'm required to ask Mr and Mrs H to accept or reject my decision before 15 February 2016.

Claire Sharp
ombudsman