

complaint

Mr and Mrs R complain about the time it has taken for Bank of Scotland plc, trading as Halifax, to complete their mortgage application.

background

Mr and Mrs R own two properties on the same land – properties 1 and 2. In 2013 they applied for a residential mortgage for property 1. The loan was for the refurbishment of that property. Halifax asked for confirmation that the property wasn't a new build before it was willing to issue an offer. Mr and Mrs R had already started the refurbishments and so Halifax advised them to use their existing credit facilities and to apply for a 0% interest credit card with Halifax to fund the work in the short term until the offer was issued. Mr and Mrs R followed this advice.

Around three months after the application Halifax issued its offer. But it then suspended the offer after realising that properties 1 and 2 had shared access rights. By this point Mr and Mrs R were experiencing financial difficulties due to the ongoing refurbishments. And so they applied for a buy-to-let mortgage in relation to property 2 instead. An offer was issued in relation to property 2 in early 2014. But the shared access rights affected this offer too. And so both applications were referred to Halifax's legal team and underwriters for advice and consideration.

Mr and Mrs R referred a complaint to our service about how long it was taking for Halifax to issue the offers. Halifax agreed to compensate Mr and Mrs R once the mortgages had completed. And so the adjudicator decided to wait for this before making a decision.

The issue about the shared access rights was resolved in late 2014 by which time both mortgage offers had expired. Halifax re-issued the offer on property 1. And a new offer was issued in relation to property 2. But Mr and Mrs R decided that they now wanted a residential mortgage on property 2 only. As the existing offer for that property was a buy-to-let mortgage Halifax told them that they needed to make a new application. Alternatively, it was happy to honour the two existing offers.

Mr and Mrs R went ahead with the new application and an offer was issued in 2015. Following that offer Mr and Mrs R asked to change the land that would be used as security for the loan. This caused a further delay before the mortgage finally completed in mid-2015.

Halifax made an offer of settlement to pay Mr and Mrs R:

- 8% annual simple interest on the amount spent on refurbishments minus income tax;
- 8% annual simple interest on the full balance of the mortgage minus the amount paid in relation to the refurbishments;
- All interest charges on credit cards and overdraft charges;
- Telephone costs;
- Valuation fee;
- Solicitors costs for the additional work necessitated by the delays;
- Scaffolding costs;
- The costs incurred by Mr and Mrs R for monitoring their credit profiles;
- £2,250 for the inconvenience caused by the delays.

It refused Mr and Mrs R's request for other payments such as reimbursement for an aborted holiday.

The adjudicator decided that Halifax's offer was fair and reasonable. Mr and Mrs R disagreed and asked for an ombudsman to make a final decision.

my findings

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

Halifax accepted responsibility for the delays and the advice given about using credit facilities early on in the complaints procedure. Parts of its offer were dependent on the mortgage completing but in the meantime it did its best to pay Mr and Mrs R what it could. For example, it refunded Mr and Mrs R's credit card and overdraft charges throughout the period of the delays. It also paid them the £2,250 for trouble and upset. And so overall I think that Halifax has given Mr and Mrs R a high level of customer service and has treated them fairly throughout their complaint.

Halifax has now fully paid Mr and Mrs R its settlement offer. The amount of interest for the refurbishments was paid to them first followed by the payment for the interest on the full mortgage balance. That second amount should have deducted the first one. But around £480 of the first payment was duplicated in error resulting in an overpayment to Mr and Mrs R. Halifax has confirmed that it's happy for them to keep that surplus amount.

This service aims to put consumers back into the position they would have been in if the wrong doing had not happened. But in this case I think that Mr and Mrs R have ended up in a better position for the following reasons:

- They have been compensated for periods of delay that they caused themselves by changing their minds about the buy-to-let mortgage and asking for changes in the final mortgage offer;
- They have received an incorrect overpayment which Halifax is allowing them to keep;
- They benefitted from a lengthy period of interest free credit during which they would have otherwise been paying interest on their mortgage.

I'm not persuaded that the other losses Mr and Mrs R seek are as a result of the delays in the mortgage process. But in any event the above three factors balance out those losses.

For all of these reasons although I uphold the complaint I'm not willing to award anything further.

As an aside Halifax has confirmed that it paid Mr and Mrs R the £2,250 compensation in two stages. The first payment was via cheque. Due to the age of the cheque it has been unable to confirm whether that cheque was cashed. It has undertaken to repay that amount if it wasn't. It has also undertaken to pay any outstanding credit or overdraft charges from the relevant period. If Mr and Mrs R wish to benefit from either undertaking they should provide Halifax with the necessary evidence to enable it to make those further payments.

my final decision

For the reasons given, my final decision is that I uphold this complaint. I don't direct Bank of Scotland plc, trading as Halifax, to pay any further compensation beyond what it already has done, subject to what I've said above about the first compensation cheque and any additional credit and overdraft charges.

It should also provide Mr and Mrs R with the necessary certificate for any tax deducted from their award, if this hasn't already been done.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr and Mrs R to accept or reject my decision before 13 November 2015.

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