

## **The complaint**

Mr and Mrs A complain that they were wrongly told by Yorkshire Building Society ("YBS") that they could use an existing mortgage offer to remortgage their existing home. They said they decided not to move house because of this advice, and it turned out to be wrong.

## **What happened**

Mr and Mrs A said that in 2022, they decided to move to a larger property. They received a mortgage offer from their existing lender, YBS on 19 July 2022, valid until 14 January 2023. They were offered a five year fixed interest rate of 2.93% on this lending.

Mr and Mrs A said the person they were buying from ran into problems, losing the house they'd hoped to move to, and Mr and Mrs A's purchase then looked uncertain as a result. So they asked YBS for advice. Mrs A asked YBS, if, instead of buying the new property, they were to stay in their current home and take on additional lending (perhaps to extend the property) and replace their expiring fixed mortgage product, would they be able to use their existing mortgage offer at 2.93%. YBS said they could.

Mr and Mrs A said they still kept trying to buy the new place, but things weren't progressing, so they felt in early November they had no alternative but to abandon the purchase of the new house. They were disappointed, having spent time and money on the purchase.

Mr and Mrs A said YBS then denied that it had told Mrs A she could keep the rate of 2.93%. They complained, and they said it took YBS a considerable time to resolve things. In the meantime, their mortgage kept increasing. YBS eventually decided it had wrongly advised them, but all it would do was offer September 2022 mortgage rates, not the rate they had secured in July 2022 or any other rate they could have got then.

Mr and Mrs A decided to accept this offer before escalating their complaint, but said that even this went wrong, as they were at one point told they couldn't have the September rates either, and then had to complain again. When that was resolved, YBS then failed to provide the offer documents, and they had to complain yet again.

Mr and Mrs A said they would be paying almost £6,500 more over the next five years of their mortgage, based on the difference between the rate they were offered for their new purchase, and the best rate they were then offered for their remortgage on their existing home. They wanted our service to tell YBS to credit their mortgage with that amount, and also wanted us to check whether their existing rebate was right, as it didn't seem to start from the date their old mortgage had ended.

YBS said it did accept it had made a mistake, because Mr and Mrs A were wrongly told that the mortgage offer they'd received could be used instead to remortgage their existing home. That was wrong.

YBS said it would offer Mr and Mrs A the products that they could have chosen from on 30 September 2022, for their remortgage and any additional lending they wished to apply for. YBS said whatever product they chose would be backdated to when their old mortgage

ended. It also wanted to pay £180 for the inconvenience they'd experienced.

But YBS wouldn't honour the rate of 2.93% which Mr and Mrs A wanted. It said that rate was only ever available to people buying a new home. YBS said its obligation was to put Mr and Mrs A in the position they would have been in if a mistake hadn't been made, but that didn't mean it would always honour incorrect information.

YBS said if Mr and Mrs A had been given correct information at the time when the mistake was made (the end of September 2022) they could have cancelled their new homebuyer mortgage application and applied for products which were then available, and which were for product transfers and additional lending, not products for buying a new home. So that's why YBS had made those products available for them now. It didn't think it had to offer a product which was only available to someone buying a new home, to anyone who wasn't doing that.

Our investigator thought YBS should pay more compensation than it had offered. But he didn't think YBS had to pay Mr and Mrs A the difference between the monthly payments they would have made with the rate they were offered for their intended purchase, and the best rate then available to them in September 2022.

Our investigator noted that YBS had given Mr and Mrs A wrong information, but he said he had thought about what would happen if Mr and Mrs A had been given the right information. And he thought if they'd received correct advice in September 2022, Mr and Mrs A could then have chosen to apply for a new rate for their existing home, in September 2022. That's why he thought it was fair and reasonable for YBS to retrospectively offer Mr and Mrs A those rates. He thought that put them back in the financial position they'd have been in, if this mistake wasn't made.

Our investigator didn't think YBS had to honour the previously offered rate, or pay compensation based on that. He did, though, think YBS should increase its compensation award to £400 in total for this complaint (not including any amounts paid for the problems Mr and Mrs A then experienced with the implementation of the offer YBS made). He asked YBS to ensure Mr and Mrs A received that.

Mr and Mrs A disagreed, they said they had relied on what YBS said when deciding not to move. They said if they hadn't been wrongly advised, they would have pushed for their new purchase to go through. They said because of YBS, they were now stuck in their existing, much smaller, home and facing the inconvenience of having building work done. They said they should now also have a five year fixed mortgage at 2.93%, and they don't, so things hadn't been put right.

Our investigator didn't change his mind. He noted that in their complaint form, Mr and Mrs A said they'd received advice from YBS at the end of September, and then continued to try to keep their new purchase running "... *hoping that our vendor would find a suitable property, however, as things were not progressing, we had no alternative but to abandon the purchase of the new house in early November 2022.*"

Our investigator said it wasn't YBS's fault that their seller couldn't find a suitable property, and YBS was also not responsible for any other issues in the property chain which appeared to mean their purchase was in doubt. And he thought that was why Mr and Mrs A decided not to go ahead.

Mr and Mrs A continued to disagree. They said the main reason they gave up on this purchase, was that they had understood they could remortgage their existing property at the rates offered for the new house purchase. They said the seller could find a new property, it was just taking a long time, and they would not have exchanged and completed before the

end of 2022.

Mr and Mrs A said YBS's wrong information had a massive impact on their decisions, and they didn't think we'd taken that properly into account. Because no agreement was reached, this case came to me for a final decision. And I then reached my provisional decision on this case.

### **My provisional decision**

I issued a provisional decision on this complaint and explained why I only proposed to uphold it in part. This is what I said then:

I know Mr and Mrs A said they would not have cancelled their house purchase if they'd been given the right information. They would have pressed for it to go ahead. But I don't think this purchase was likely to have been successful, at the rate that YBS offered.

Mr and Mrs A have told us that, because of the problems their seller had in finding a new home to move to, they wouldn't have been able to complete their purchase in 2022. Their YBS mortgage offer was only valid until 14 January 2023. And as rates had climbed substantially since that offer was made, I think YBS would have been very unlikely to extend any offer past this date. So it seems unlikely, based simply on what Mr and Mrs A said, that they would have been able to complete their purchase using the offer YBS had made.

I also note that the house that Mr and Mrs A intended to purchase wasn't eventually sold until May 2023. Whilst some of that delay may be as a result of Mr and Mrs A changing their minds about the purchase in November 2022, that doesn't seem to me likely to be the sole cause of why this property doesn't appear to have sold until more than six months after they pulled out of the purchase.

So, I have to bear in mind that if Mr and Mrs A had, as they are now arguing, decided to proceed with their house purchase in November 2022, they would not have been likely to be able to buy this house with the offer of 2.93% they had previously received from YBS. And that wouldn't be because of anything YBS did, it would simply have been due to the problems with their purchase which Mr and Mrs A have acknowledged.

I can't say whether, if Mr and Mrs A had decided to keep trying with this purchase in late 2022, they would have eventually managed to buy that house, although rather later and at a much higher interest rate, or would have decided just to stay put and remortgage their own home, again at a higher rate. But I think by the time that Mr and Mrs A reached that (entirely hypothetical) decision, we would be considerably removed from any mistake YBS made here, and I couldn't hold YBS responsible for the outcome.

Instead, YBS took the view that if it hadn't wrongly advised Mr and Mrs A, then they could have secured a remortgage on their existing home in September 2022. And it has offered them the remortgage rates they would have been able to access then, backdated to start immediately after the end of their previous mortgage product, on 30 November 2022. I understand that Mr and Mrs A would, naturally, be very disappointed that they didn't get the rate of 2.93% which they were hoping for, but I do still think that this offer forms part of a fair and reasonable outcome to this complaint.

I also agree with our investigator that YBS hasn't adequately compensated Mr and Mrs A for this disappointment. So, like him, I think that YBS should pay a little more compensation in this case. But before I turn to that, I should also think about a second

point Mr and Mrs A raised, which was that although YBS had offered to backdate the September 2022 rate to 1 December 2022, it didn't appear as if it had actually done that.

YBS's letter confirming that it had implemented the offer Mr and Mrs A accepted, said it had backdated their rate to 1 January 2023, and it had applied an interest rate credit from 15 December to 30 December 2022. So I asked YBS to explain why it hadn't applied an interest rate credit for 1 December to 14 December.

YBS has told our service that it has now corrected this, and applied an additional interest adjustment to the account of £78.48. YBS said it charged £530.03 in interest during all of December 2022, and should have charged £337.33. so it should have credited Mr and Mrs A with £192.70. It had previously credited £114.22, so it has now added the remaining amount.

I think it's unfortunate that YBS made an offer to put Mr and Mrs A back in the position they would have been in if a mistake hadn't been made, then made a further mistake in implementing that offer. However, I'm pleased to see that when this was raised, YBS acted promptly to put things right.

Our investigator said he didn't think YBS had offered sufficient compensation in this case. And broadly speaking, I agree with that. I think YBS should offer a little more, to make up for the disappointment Mr and Mrs A felt when they realised that they weren't going to be able to keep the rate they'd been offered, once their plans to move had changed. I think they will also have been caused some inconvenience, by not being able to make their decisions on the basis of a clear understanding of their future financial position. And I also note that when YBS made an offer to put things right, it didn't implement this correctly for Mr and Mrs A.

For all of these reasons, I think that a payment of £500 in total, for Mr and Mrs A's initial complaint about the wrong advice YBS gave would also form part of a fair and reasonable outcome to this complaint. So that's what I'll now award.

YBS can count towards that amount, the sum of £180 which it previously offered Mr and Mrs A for this complaint, if it has already paid that. It cannot count towards that amount, any interest credit it has applied, or any payment it has made for any subsequent complaint Mr and Mrs A made about difficulties they encountered when trying to accept YBS' offer.

I invited the parties to make any final points, if they wanted, before issuing my final decision. Both sides replied.

### **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.

YBS confirmed receipt of my provisional decision, and said it had nothing to add.

Mr and Mrs A said they were very disappointed. They felt I was making assumptions which could not and should not be made, and certainly shouldn't have a bearing on the decision. They said I'd asserted their property purchase wasn't likely to have been successful at the rate offered, and they said I simply couldn't know that. The house they were intending to purchase was going to be sold, no matter what, as the seller had a settled intention to move. That seller had just struggled to complete on the first property they wanted to purchase.

Mr and Mrs A said at the point when they decided to pull out of the purchase, the seller had found another property and it was going through. But Mr and Mrs A said they needed to make a decision ASAP as their fixed rate was coming to an end in November 2022.

Mr and Mrs A said it was absolutely guaranteed that the purchase would have been completed if they hadn't pulled out. They said it might not have happened by the end of November, and they would have had some additional costs to their existing mortgage (which they would have asked the seller to contribute to). But Mr and Mrs A were adamant the purchase would have completed before their mortgage offer expired on 14 January 2023.

Mr and Mrs A said there are various ways of dealing with a long or broken chain. Mr and Mrs A didn't say what they thought they would have done, but they said that with a seller who was motivated to sell, they would have found a way.

Mr and Mrs A said the point of their complaint was that they thought they had a Plan B, based on the mistaken information YBS gave them about keeping their mortgage rate. But that turned out to be a lie.

Mr and Mrs A said I was right to say that interest rates had climbed substantially since they got their original offer from YBS. They said that was clearly the other cause of why the seller's house didn't sell until May 2023, after they pulled out. They thought the seller then had difficulties selling in a market which was stressed as a result of increased interest rates. And the property they were buying was of a value where it takes longer to find a buyer. Mr and Mrs A said to simply say that I thought the purchase was unlikely to be successful in time, if YBS had given them correct information and they decided to proceed, wasn't logical.

Mr and Mrs A said they didn't believe that £500 in compensation was acceptable or enough. They still wanted the outcome they had asked for from the start, a credit to their mortgage to put them in a better position. But if they didn't get that, they thought YBS should do better than £500. They thought £1,500 would be more reasonable. They said otherwise, banks and building societies had no incentive to provide consumers with correct information. They asked me to review the decision again.

I have reviewed my decision, in the light of the above comments, but I'm sorry to tell Mr and Mrs A that I haven't changed my mind.

Firstly, I note that Mr and Mrs A approached YBS for information about whether they could keep their rate if they stayed in the same property at the end of September. But they didn't decide to pull out of their purchase then. They made that decision in early November. They told us that at that time *"things were not progressing"* and *"we had no alternative but to abandon the purchase of the new house in early November 2022."*

Mr and Mrs A said I was making assumptions about what would have happened after this, and I couldn't know what would actually have happened. I accept that it's just not possible to be completely sure what would have happened if Mr and Mrs A had continued to try to buy the property they wanted. But I note that Mr and Mrs A have previously told us their purchase *"would not have exchanged and completed before the end of 2022"*. So unfortunately, I'm not able to just accept Mr and Mrs A's reassurance now that their sale would definitely have been completed by 14 January 2023, no matter how confident they may be about this.

When there is uncertainty like this, what I must do is look at all of the evidence, weigh that up, and decide what is most likely to have happened. That's what I did to reach my provisional decision. I have now reviewed that in the light of Mr and Mrs A's comments above, and in particular that their seller had found another property by the time they pulled

out of the purchase, and their confidence that they would have found a way to deal with any problems caused by a long or broken chain.

I also have to bear in mind what Mr and Mrs A have said to us previously. And also that it does usually take some time to complete a house purchase in the UK. I know that Mr and Mrs A are now confident they could have moved from a position where they felt their house sale and purchase “*were not progressing*” and they had no alternative but to abandon this plan, to a position where this house sale and purchase were both completed, in a time period of just over two months later. But, unfortunately, I think it would have been exceptionally difficult for them to achieve that.

Because of that, I do still think it’s most likely that Mr and Mrs A would not have been able to buy the property they were interested in, before the mortgage offer they received from YBS in July 2022 expired, on 14 January 2023. I should stress that this isn’t an assumption, it’s what I consider to be most likely, having considered all the evidence in front of me.

We also know YBS didn’t offer this rate, of 2.93%, for people who weren’t moving house.

And it follows from this conclusion that, if Mr and Mrs A weren’t ever likely to get a mortgage for whichever home they were living in, at 2.93%, it wouldn’t be fair and reasonable now for me to ask YBS to compensate them for the extra costs they incurred because they didn’t secure that rate.

I did accept that Mr and Mrs A would be very disappointed indeed to find out that they would not be able to secure this rate, when they decided to give up on their planned purchase. And my decision on compensation takes that into account.

Mr and Mrs A said this compensation amount had to be more, otherwise it wouldn’t deter banks and building societies from making mistakes in future. But our service isn’t a regulator, and my awards aren’t to punish businesses or to deter them from future wrongdoing. What I must do is to look at the circumstances of the case, and make a compensation decision on those facts. Here, I reached the provisional view that a total payment of £500 would provide a fair and reasonable outcome to this complaint. I acknowledge Mr and Mrs A’s strength of feeling on this matter, but I do still think that.

For those reasons, I haven’t changed my mind. So I’ll now make the decision I originally proposed.

### **My final decision**

My final decision is that Yorkshire Building Society must pay Mr and Mrs A a total of £500 for this complaint. Yorkshire Building Society can count towards that amount, the sum of £180 which it previously offered Mr and Mrs A for this complaint, if it has already paid that.

Under the rules of the Financial Ombudsman Service, I’m required to ask Mr A and Mrs A to accept or reject my decision before 27 May 2024.

Esther Absalom-Gough  
**Ombudsman**