

The complaint

Mr and Mrs C have complained about the service they received from Yorkshire Building Society when they wanted to apply for a new preferential rate product in May 2022.

What happened

Mr and Mrs C had a mortgage with Yorkshire that was split into two parts. Yorkshire allowed customers to apply for new preferential rate products 120 days before the end of the existing rate so Mr and Mrs C made an appointment for 4 May 2022 so they could have a discussion about the new rates that were available for the first part of their mortgage. The second part couldn't be reviewed until 2 August 2022 unless Mr and Mrs C paid an early repayment charge ("ERC").

Unfortunately Yorkshire had some delays with releasing the details of the products it had available, with those not being released until 6 May 2022. As an announcement from the Bank of England was due on 5 May about any change in the base rate, Yorkshire confirmed the rates had been priced the week before and would be honoured for all customers affected. It said it wouldn't re-price the products if the base rate increased on 5 May.

Mr and Mrs C weren't happy about the delay in the products being announced, saying it meant they were unable to compare Yorkshire's rates to those from other lenders before the Bank of England announcement on 5 May.

I understand Mr and Mrs C could see the rates online on 6 May, and they had a follow up appointment on 7 May to discuss the rates, but in that call they said they were going to wait until six months before part two was due to end, and then start the process of remortgaging to a different provider with the aim of that completing as soon as the ERC period ended with Yorkshire. The call handler confirmed the new mortgage would need to start on 1 December if an ERC was to be avoided.

Later that month Mr and Mrs C applied to transfer part one onto the rate that was available on 4 May (albeit they weren't able to see it for a few days), and they opted to pay the ERC for part two so they could also select a new rate for that part. That rate was different to the rate for part one, as the rate for part one was only available for mortgages that had a rate ending at a certain time, whereas the rate they selected for part two was available for customers that paid the ERC to come out of a rate early (or were already on the standard variable rate).

Yorkshire responded to the complaint on 27 June 2022. It apologised for any distress and inconvenience caused and said it would like to offer £135 compensation. It said whilst it agreed Mr and Mrs C had a poor experience, it didn't feel their request for £10,000 compensation was warranted.

Unhappy with Yorkshire's response Mr and Mrs C referred the complaint to our service. In their complaint form they said £135 didn't reflect the severity of the matter, and it also didn't reflect the fact they'd been given incorrect information in the first call. They said they felt £2,000 would be sufficient compensation.

The complaint was looked at by one of our Investigators. He said whilst things had gone wrong he felt the £135 offered by Yorkshire was fair. He said there was no financial loss as Mr and Mrs C had got the same rate when they eventually applied as they would have got on 4 May, and as they hadn't got any formal offers from any other lenders we couldn't evidence any loss there either.

Mr and Mrs C didn't agree. They said this wasn't a single error, it was multiple errors around an incredibly stressful time. Mr C said he had to take the rest of the day off on the 4 May to escalate matters with Yorkshire, and £135 was only £62.50 [sic] each. They said it wasn't a one-off incident as the rates were unavailable for days, and they were given incorrect information that a glitch was responsible and that Bank of England wouldn't be reviewing rates for another two weeks.

Mr and Mrs C said they were caused substantial distress, upset and worry (which had a knock on effect for their children), and Mr C was humiliated by having to ask his employer for a day off on the day because of financial matters. They felt compensation “...*warrants consideration in at least the £750 bracket, potentially the £1,500 bracket.*”

As an agreement couldn't be reached the case was passed to me to decide.

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.

Although I've read and considered the whole file I'll keep my comments to what I think is relevant. If I don't comment on any specific point it's not because I've not considered it but because I don't think I need to comment on it in order to reach the right outcome.

Mr and Mrs C have said that they were given incorrect information about when the next Bank of England announcement about the base rate would be. This is what we call a misrepresentation; that is, Yorkshire gave incorrect information to Mr and Mrs C on that point.

When we're looking at complaints about misrepresentation we consider the appropriate remedy is to place the consumer in the position they would be in if the incorrect information hadn't been given. Mr and Mrs C are already back in the position they would have been in had they been told in the 9am call on 4 May that the Bank of England announcement would be the following day because Mr C said, in a later call that same day, he'd already checked the information so knew the announcement would be the following day.

As Mr C said in a later call, people can make mistakes. I don't think there is anything sinister in that misrepresentation or that the call handler intended to mislead Mr and Mrs C. It seems it was an honest mistake, and there was no loss caused by it as Mr and Mrs C had the correct information that same day. Yorkshire apologised for the misrepresentation in the third call of 4 May and I'm satisfied that is enough to resolve this part of the complaint.

Mr and Mrs C have also made reference to the different ways the delay was explained, with it being called a glitch, an IT issue and the full explanation that it was due to the new rates not being fully tested in time. Mr and Mrs C may think otherwise but I don't think those explanations are completely at odds with each other, as at the heart of the delay was that the computer system wasn't ready to display the rates.

The full explanation was provided to Mr and Mrs C in the third call of 4 May, but that explanation wasn't contrary to what either of the earlier two call handlers had said (that it

was a glitch, and that a department was behind schedule). Earlier in the first conversation of 4 May the call handler provided a more detailed explanation in that the department that sets the products were having an issue with their system which is why the products weren't available yet, with the word 'glitch' only being used to reassure Mr and Mrs C that there were no sinister reasons for the delay, such as Yorkshire awaiting the Bank of England announcement the following day before setting the rates as Mr C had asked.

The third call handler explained that the delay was due to the product development team (the department the first call handler had referred to) not having completed the product testing that is required before a product is launched (the system issue the first call handler had referred to). It may be the first call handler was slightly wrong in his explanation, but that doesn't affect the outcome of this complaint as irrespective of the reason, Mr and Mrs C were told in each call that the rates would be released on 6 May. They were also reassured that the rates had already been priced and set and wouldn't be changed if the base rate changed the following day.

It's unfortunate there was a delay but I must keep in mind the delay was only two days and Mr and Mrs C had been told from the start how long the delay would be and they were assured the same rate would be available as they could have obtained that day.

Mr and Mrs C have referred to this not being a one-off incident as the rates were unavailable for days. But that doesn't mean it wasn't a one-off incident. It was one incident that led to a delay of two days before Mr and Mrs C were able to discuss the products in a follow up appointment, albeit Mr and Mrs C chose not to do so as they weren't happy and said they would be remortgaging elsewhere.

It is unfortunate that Mr and Mrs C didn't know the Yorkshire rates on 4 May so they could compare them to other providers before the Bank of England announcement on 5 May but, as our Investigator explained, we can't award compensation for any potential financial loss because we've nothing to compare it with. Mr and Mrs C haven't provided us with any evidence of a rate they would have been able to successfully apply for on 4 May for a remortgage to a different lender.

Mr and Mrs C obtained a rate fixed at 2.35% until 31 August 2027 for part 1 of their mortgage, and that is the same rate they would have been able to book on 4 May if nothing had gone wrong. And, I think, that rate is broadly in line with the rates that would have been available with other lenders for remortgages on 4 May if Mr and Mrs C had been able to compare.

Having considered everything I'm satisfied Mr and Mrs C haven't shown any financial loss and so I make no award for that.

I now turn to their request for a higher sum for the distress and inconvenience caused. I don't consider any additional payment is due for the inadvertent misinformation that was given in call one about when the next Bank of England announcement would be, nor for the explanations about what the issue is. So that just leaves the underlying issue, the delay in the new rates being published. As I've said, this was a one-off incident that was resolved within days.

Mr C has said he had to book the day off work in an attempt to rectify the issue. But in the third call of 4 May Mrs C answered the phone and said she needed to check if Mr C was on a call. When the call handler referenced that later in the call and asked if Mr C was working from home (whilst arranging what would happen next) Mr C said "*Yes I'm working from home.*" In any event there was nothing that could be rectified or that required time off work that day. Yorkshire had been clear that the rates weren't ready and wouldn't be available

until 6 May. All that needed to be done was for Mr and Mrs C to wait until then to see the rates, and then they could apply if they wanted to.

The award of compensation is on a joint basis, so it is one award of £135 overall, rather than it being £67.50 each. That puts the award in our band “An award ... of up to £300” which our website explains as

“If an error has caused the consumer more than the levels of frustration and annoyance you might reasonably expect from day-to-day life, and the impact has been more than just minimal, then an apology won’t be enough to remedy the mistake.

An award between £100 and £300 might be fair where there have been repeated small errors, or a larger single mistake, requiring a reasonable effort to sort out. These typically result in an impact that lasts a few days, or even weeks, and cause either some distress, inconvenience, disappointment or loss of expectation.”

That describes this situation well as it was an error that caused more frustration and annoyance than you might reasonably expect from day-to-day life, and the error resulted in an impact that lasted a few days.

Whilst Yorkshire couldn’t tell Mr and Mrs C what rates they were eligible for, it did assure them that the rates had been set before the May Bank of England announcement and would be honoured, regardless of what happened with the base rate on 5 May. It released the rates as soon as it could, and Mr and Mrs C weren’t treated any differently to any other customer who wanted to book a rate at that time.

I can understand Mr and Mrs C’s frustration, but this was a two-day delay that had no financial impact on them. Had Yorkshire not already made that offer I wouldn’t have awarded any more. Having considered everything I’m satisfied Yorkshire’s offer is fair.

My final decision

Yorkshire Building Society has already made an offer to pay £135 to settle the complaint and I think this offer is fair in all the circumstances. So my decision is that Yorkshire Building Society should pay £135 (less any amounts already paid).

Under the rules of the Financial Ombudsman Service, I’m required to ask Mr and Mrs C to accept or reject my decision before 27 November 2023.

Julia Meadows

Ombudsman