

The complaint

Mrs T and Mr T complain about the service OneSavings Bank Plc (OSB) provided when they applied to port their mortgage.

What happened

Mrs T and Mr T had an interest only mortgage with OSB that was secured over their residential property. The mortgage was originally in Mr T's sole name. But following a transfer of equity (TOE) application in 2021, it was put into their joint names.

Mr T contacted OSB in late June 2022 to ask if they could reduce the amount of their mortgage to around £250,000 and transfer (port) it to a property they were intending to buy. OSB explained Mrs T and Mr T would need to take advice from a broker. And they provided details of a website Mr T could use to find one.

The broker they chose submitted a porting application on around 12 July 2022. On around 22 July OSB said they agreed to lend in principle subject, broadly, to certain fees and financial information being provided. But they noted Mrs T and Mr T planned to complete on the sale of their existing property. And they said a porting application could not go ahead if they did since it was a condition of porting that the sale/redemption of the existing mortgage and purchase/completion of the new mortgage must happen at the same time.

On around 28 July the broker submitted a new application for a new mortgage. He said the porting application could no longer proceed since Mrs T and Mr T weren't able to complete on the sale and purchase at the same time; he had submitted a new residential mortgage application instead; the porting application could be removed from OSB's underwriting queue; but the valuation that had already been instructed should go ahead. The new mortgage completed in early September 2022.

Mrs T and Mr T had moved out of their existing property in late July. They incurred rental, removal, storage and other costs before they were able to move into their new home. And they found the situation stressful. They complained to OSB about the service they'd provided. They said OSB misled them into thinking they'd be able to port the mortgage when they'd contacted them in late June 2022. They said if OSB had told them then they'd be unable to port, they wouldn't have engaged a broker and they would have avoided incurring storage and other costs.

OSB responded to Mrs T and Mr T's complaint in mid-October 2022. They said the application they'd made for a new mortgage in late July 2022 had gone through within the service level agreement timescales they'd advised their broker about.

Mrs T and Mr T were unhappy with OSB's response, so they brought their complaint to the Financial Ombudsman Service. OSB acknowledged they hadn't addressed all Mrs T and Mr T's concerns. In relation to porting they explained they don't give advice, and applications have to be done through a broker; the porting couldn't go ahead because the sale and purchase weren't taking place at the same time; and the application would have failed anyway since changes to the terms and conditions of their mortgage made at the time of the

TOE in 2021 meant porting wasn't allowed.

Our investigator didn't think OSB had done anything wrong. She said they hadn't advised on the porting application – the broker had; although OSB had given Mrs T and Mr T the impression they were eligible to port, it was the broker's job to advise on whether that was possible; and she didn't uphold the complaint.

Since Mrs T and Mr T didn't agree, their complaint's been 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.

I appreciate Mrs T and Mr T's strength of feeling about their complaint. I can understand it was stressful that they weren't able to port their mortgage and disappointing that they incurred additional costs in relation to their house move. However, for reasons that are similar to our investigator's, I don't uphold their complaint, as I'll explain.

The terms of Mrs T and Mr T's mortgage didn't allow porting in any circumstances. Under the heading "9. Flexible Features" the TOE offer said, *"You do not have the right to transfer this loan to another lender or property as this loan is not portable"*.

I appreciate the TOE paperwork was lengthy. But its terms were clear, fair and not misleading, as I'd expect them to be in line with Financial Conduct Authority principles. And given its importance, it's reasonable to think Mrs T and Mr T would have read it. If they had, I think it would have been clear to them before they approached OSB, even though they were unfamiliar with the word "porting" at the time, that they wouldn't be able to transfer their mortgage to another property.

I've listened to the call Mr T had with OSB on 24 June 2022. It's clear Mr T found the conversation frustrating as he wanted OSB to say whether he and Mrs T were eligible to port their mortgage. But OSB made it sufficiently clear they didn't provide advice and that Mrs T and Mr T needed to take advice from and apply through a broker. I don't think Mr T could reasonably have thought from the conversation that it would be possible to port, even if he went away with that impression.

I'm not aware if Mrs T and Mr T discussed the TOE with the broker they chose. If they had, it would have been surprising if the broker had made the porting application on their behalf since the mortgage didn't allow it.

Porting involves transferring an interest rate product to a new mortgage. It requires a full application for a new mortgage to be made subject to things like affordability checks, the lender's lending criteria and a valuation of the property. OSB's timescales for processing applications were 18-20 working days.

The broker submitted the porting application on around 12 July. OSB let the broker know early on in the process that porting wouldn't be possible if Mrs T and Mr T completed on their sale before their purchase. From what I can see, OSB issued a decision in principle and continued with the application process while the broker considered the way forward.

The broker submitted a new application, on around 28 July, for a new mortgage in light of the information OSB had provided about the restriction on porting and Mrs T and Mr T's commitment to complete their sale by the end of July. He asked OSB to stop the porting application and process the new one. A valuation had already been instructed in relation to

the porting application. It was allowed to go ahead very soon afterwards for the purposes of the new mortgage application. So, there was no delay there.

Even if OSB had told the broker that porting wasn't allowed at all, I don't think it would have affected the time things took substantively. It's likely that issue would only have come to light once the broker had submitted the porting application and OSB had begun to consider it. And the broker would have had to make the application for a new mortgage at that point in any event.

Bearing everything in mind, I think OSB acted reasonably in referring Mrs T and Mr T to a broker and in relation to the porting application.

The time Mrs T and Mr T's application for a new mortgage took was broadly in line with the timescales OSB worked to. I can appreciate Mrs T and Mr T were concerned about the time things had been taking overall. And, from the correspondence I've seen, they seem to have been under pressure to complete their purchase. But there weren't any unreasonable delays on the part of OSB.

I understand OSB reimbursed Mrs T and Mr T for the valuation and administrative fees they'd paid for the failed porting application, so they weren't out of pocket there. But the rental, storage and other fees they incurred largely arose because they agreed to sell their existing property before completing on the new one. OSB let the broker know porting couldn't go ahead if that happened. And until the porting application had been considered fully, there was no guarantee it would go through anyway. In the circumstances, it wouldn't be fair to require OSB to reimburse any costs Mrs T and Mr T incurred.

Since I don't think OSB acted unreasonably in referring Mrs T and Mr T to a broker, it wouldn't be fair to require them to reimburse the broker's fee. Mrs T and Mr T had the option of applying to another lender direct once they found out they couldn't port. I can understand if they felt it was simpler to continue with the broker. But that was their choice, so any fees they incurred were their responsibility.

Considering everything, whilst I understand Mrs T and Mr T will be disappointed, I don't uphold their complaint.

My final decision

For the reasons I've explained, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs T and Mr T to accept or reject my decision before 8 February 2024.

Julia Wilkinson

Ombudsman