

The complaint

Ms W complains about how Bank of Ireland (UK) plc (BOI) dealt with her application for a buy-to-let mortgage. She says it took too long, and BOI was unfair in declining her application for a mortgage on a property it was already lending against under a different brand name. As a result, she has lost out financially in having had to pay interest on her mortgage at her previous lender's standard variable rate for two months.

What happened

Ms W took out a buy-to-let mortgage with Post Office Money Mortgages in 2018. Post Office Money Mortgages are provided by BOI. Ms W's mortgage was on a fixed interest rate until 30 September 2021.

In August 2021, Ms W applied to remortgage to BOI, because BOI was offering more favourable interest rate products to new customers than it was to existing customers under its Post Office Money Mortgages brand.

At the time of her application, Ms W was living in private rented accommodation temporarily, having sold the property she had owned and been living in. BOI said it would usually only lend to owner-occupiers. But it made some further enquiries about Ms W's situation and agreed to proceed with the application. In early September 2021, it instructed a valuation. The valuer said that the property required an EWS1 form and Fire Risk Assessment Report before a valuation for lending purposes could be produced.

An EWS1 – external wall system – form is a standard form completed by an accredited fire safety expert to assess the risk to the building from combustible cladding or other fire safety defects. There is guidance from the government and the Royal Institute of Chartered Surveyors (RICS) about the sorts of buildings where an EWS1 may be required. In general, it's multi-storey buildings such as blocks of flats that are affected, and an EWS1 will set out the level of fire risk.

In England, the EWS1 is commissioned by the building owner – either the freeholder or the management company – rather than by the individual flat owner.

Ms W had some difficulties getting the documents BOI required from the property managers, but was able to provide them in early October 2021. The surveyor BOI had instructed still had some concerns about the security property, so BOI declined Ms W's mortgage application on 11 October 2021.

Ms W pointed out that BOI was already lending against the property in question, albeit under its Post Office Money Mortgages brand, so granting the mortgage she had applied for wouldn't result in any increased risk to it. BOI reviewed its position and agreed to grant the mortgage. It issued a mortgage offer on 28 October 2021.

Ms W didn't receive the offer, so BOI sent a new one on 17 November 2021. Ms W didn't receive that either, so BOI sent a third offer by special delivery on 25 November 2021. The

mortgage completed in early December 2021. By then, Ms W had made the complaint at hand here.

BOI didn't uphold the complaint or offer Ms W any compensation. Ms W referred the complaint to the Financial Ombudsman Service. Our Investigator concluded that BOI had applied its usual policy in asking for the information it did in connection with Ms W's application, and it hadn't caused undue delay.

Ms W didn't accept that outcome and asked for an Ombudsman's review.

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.

Having done so, I've come to the same overall conclusion as the Investigator, for much the same reasons.

Ms W considers that she was asked to provide unnecessary information and was subject to avoidable delays, mainly because BOI was already lending to her under its Post Office Money Mortgages brand. She wasn't borrowing any more money, so she says that granting the mortgage she wanted didn't represent any increased risk to the bank.

I can certainly understand Ms W's point. Post Office Money Mortgages and BOI are part of the same mortgage lender. However, this doesn't automatically mean that all Post Office Money Mortgages borrowers should be able to access the products available under the BOI brand without further assessment or where they don't meet BOI's lending criteria. The different brands have different lending criteria and offer different products. Ms W chose not to apply for a new interest rate product with Post Office Money Mortgages but instead to apply to BOI. She had to do so as a new customer, but I don't consider that there was anything unreasonable or unusual in that.

There were two issues with Ms W's application about which BOI had concerns: Ms W not being an owner-occupier, and the fire safety risk of the security property.

As Ms W has pointed out, BOI should have known from the start that she wasn't an owner-occupier. Her completed mortgage application said that she was renting privately. So BOI could have declined the application straight away. Instead, it asked Ms W about her situation in order to decide whether to make an exception to its usual policy. I don't consider that I can fairly say it was unfair or wrong to have done that; on the contrary, I think this was a reasonable approach for it to have taken.

Those further enquiries didn't cause significant delay to the application: the application was dated 12 August 2021, and BOI discussed Ms W's situation with her on 17 August 2021 and agreed to go ahead. That was subject to proof of address, but that would have been the case in any event. It received this on 9 September 2021 and instructed a valuation, which was completed on 14 September 2021.

The second issue was the fire safety risk of the property. Ms W considers BOI's requirements to have been excessive and out of line with those of other lenders, in respect of the documents it needed.

Since 2018, when Ms W took out her mortgage on this property with Post Office Money Mortgages, there have been significant changes in mortgage lending (following the Grenfell Tower tragedy in 2017). A new awareness of the risks of combustible cladding and other fire

safety issues led to new procedures – such as the EWS1 process, which was introduced in 2019 – and to lenders factoring these issues into lending risk assessments. In other words, BOI's lending criteria had changed since 2018.

I've seen a copy of BOI's lending criteria, and I'm satisfied that it applied them to Ms W's application as it would to any other. It instructed a suitably qualified surveyor to carry out a valuation, and it followed their guidance in asking for an EWS1 form and Fire Risk Assessment report. It was entitled to do that, although it's unfortunate that Ms W ran into difficulties getting appropriate documents from the property managers. BOI received the relevant form and report on 8 October 2021, which it then sent on to the surveyor. It went on to decline Ms W's application on 11 October 2021 due to the surveyor's concerns with the security property.

BOI then reviewed this decision and approved the application on 28 October 2021. It sent Ms W the first mortgage offer the same day, another offer on 17 November 2021 and a final one on 24 November 2021, because Ms W didn't receive the first two. The remortgage completed in early December 2021.

I've seen copies of the first two offer letters, and they are correctly addressed to the PO Box Ms W was using for correspondence. I think it most likely that they were sent. While Ms W had asked for correspondence to be sent electronically, I don't consider BOI was unreasonable in issuing offer documents by post, and I think the delay in Ms W receiving them was down to non-receipt rather than a failure on BOI's part to issue them in a reasonable timeframe.

While the application process took longer than Ms W would have liked, overall I don't find that BOI caused significant or unreasonable delay, or that it treated Ms W unfairly. It was entitled to apply its current lending criteria, it agreed to make exceptions to them and ultimately granted the mortgage, and Ms W didn't miss out on the interest rate product she had applied for.

My final decision

My final decision is that I don't uphold this complaint. I make no order or award.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms W to accept or reject my decision before 25 August 2023.

Janet Millington
Ombudsman