

The complaint

Mr and Mrs S complain that Coventry Building Society misled them about being able to port their mortgage. They say it should refund the early repayment charge (ERC) and other charges and pay compensation for their distress.

What happened

Mr and Mrs S had a mortgage with Coventry. They contacted Coventry in mid-2022 to ask about porting as they wanted to move home.

Mr and Mrs S say they were only told they wouldn't be able to port their mortgage on the day they exchanged contracts. They had to arrange alternative funding for a shortfall of about £45,000. They had to pay the ERC to Coventry.

Coventry said it had given Mrs S incorrect information about the porting process. It offered £250 for the upset caused and to port the product if Mr and Mrs S took out a mortgage with it within six months.

Our investigator said while Coventry had given Mrs S incorrect information about the porting process its offer was fair. Mr and Mrs S didn't agree.

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.

Mr and Mrs S took out an interest rate product in mid-2019. There was an ERC payable if the mortgage was repaid before the product expired in mid-2024. Mr and Mrs S agreed to this when they took out the product.

The product offer said the product was portable, subject to meeting Coventry's lending criteria. The product offer said the ported mortgage could only be used to buy a property, not to re-mortgage a property they already owned. Coventry says it sent a booklet about porting to Mr and Mrs S with the product offer. This also said the ported mortgage could only be used to buy a property, not to re-mortgage a property already owned, and that the new mortgage must complete within six months from the sale of the secured property.

Mr S called Coventry in mid-June 2022. Mr S said they'd sold their property – by which he meant they'd agreed to sell it – and asked if they could port with a smaller mortgage. Mr S was given correct information on this call about the porting process, including that they'd need to go through an application process and affordability checks. There was a discussion about how long an appointment with a mortgage adviser would take, and what documents they'd need to provide to support the application. The adviser said if Mr and Mrs S collected the documents beforehand this would speed up the application.

Mrs S called Coventry the next day. She said they were in the early stages of having agreed to sell and wanted to know what happens when they sell their property. I've listened to this

call and there was a significant misunderstanding between Coventry and Mrs S. The result was that Mrs S wasn't given clear and correct information about the porting process.

Mr and Mrs S thought they'd have six months after their move to sort out the mortgage, and were shocked when their solicitor said this wasn't the case. Mr and Mrs S say they only discovered this on the day they exchanged contracts.

Mr and Mrs S exchanged contracts on 3 October 2022 and completed on 6 October 2022 (their sale and purchase were simultaneous). They were short of about £45,000 for their purchase. This was stressful and they had to borrow from family, which they found mortifying.

Mr and Mrs S say if they'd been given correct information they'd have followed the process to port the mortgage. They say they wouldn't have had to pay the ERC and would have used their savings to pay for work on the property. They made a complaint in early October 2022.

Coventry accepts it gave Mrs S incorrect information and offered to put things right. It offered £250 for Mr and Mrs S's stress and inconvenience. It offered to process a re-mortgage application on an expedited basis and, provided this was within six months of the sale, port the mortgage product and waive the ERC and other charges. Coventry made the offer in a call on 17 October 2022 and sent a final response confirming the offer on 24 October 2022.

Mr S says this offer came too late, as they'd secured funds and didn't want to revisit discussions with their family. They'd already had the embarrassment of borrowing from family and found the situation very stressful. By this time, their sale and purchase had completed and they say they'd lost faith in Coventry.

Mr and Mrs S didn't have to accept the offer from Coventry. It was their choice not to do so, and it was for them to decide what was best for them. But I think Coventry's offer was fair. It would have put Mr and Mrs S into the position they would have been in if they had ported. The ERC would have been refunded, they'd have kept the benefit of the interest rate until the product term expired and they'd have had funds available for work to the property and to repay the funds borrowed from family.

I need to take into account here that while Coventry didn't give Mrs S clear and correct information on the call in mid-2022, it did give Mr and Mrs S correct information at other times, including on the call with Mr S in mid-June 2022.

I think Coventry made a fair offer to put matters right. I don't think, in the circumstances, it's fair and reasonable to require Coventry to refund the ERC or other costs or pay additional compensation. I think £250 is fair and reasonable compensation for the upset caused by the unclear information given to Mrs S.

Mr and Mrs S are unhappy about the way Coventry dealt with their complaint. Complaint handling isn't a regulated activity, which means we can't always look into it. I can consider how a complaint was handled in some circumstances, for instance if the way the complaint was dealt with delayed the underlying problem being sorted out. I don't think that was the case here. Coventry responded within two weeks of Mr and Mrs S making a complaint, with a fair offer to put things right.

Coventry says Mr and Mrs S hadn't raised a complaint with it about it not providing call recordings promptly. That means I can't fairly consider that here.

My final decision

My decision is that Coventry Building Society's offer to put matters right was fair and reasonable in the circumstances. It should pay £250 to Mr and Mrs S, if it hasn't already done so.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S and Mrs S to accept or reject my decision before 9 November 2023.

Ruth Stevenson
Ombudsman