

The complaint

Mr B and Mrs G complain delays by OneSavings Bank Plc trading as Kent Reliance in processing their re-mortgage application led to them paying interest on their mortgage at a higher rate for a time.

What happened

Mr B and Mrs G have a mortgage with OneSavings Bank Plc trading as Kent Reliance (OSB). In January 2022 OSB gave them consent to let the property. At the time they had a fixed interest rate deal. That deal was coming to an end in November 2022 when the interest rate would move onto OSB's standard variable rate (SVR) if they didn't switch to a new product.

In early October 2022 OSB wrote to Mr B and Mrs G setting out new deals they could choose from and a "preference form" to complete by selecting the interest rate product they wanted from the available choices.

Mr B spoke to OSB on 17 November to discuss what rates were available by then. OSB asked Mr B to provide evidence that he and Mrs G were living in the property to get a restriction on their mortgage account removed by OSB's securities team so the application could go ahead. Mr B and OSB agreed he'd send their Council Tax bill. They discussed that the available products could be viewed on-line. OSB let Mr B know he'd need to send in the preference form before the application for a new deal could go ahead. And OSB said the application would take about 20 to 25 days to process and there wasn't time for it to go through by the end of the month.

Mr B sent in the Council Tax bill. He rang OSB who confirmed they'd received it and had sent it on to their securities team to consider. OSB explained that team took around seven to ten working days to action requests and that they had a backlog. Mr B asked for the application to be expedited.

Mr B rang a few days later to check if the restriction had been removed. He asked again for the application to be hurried up. And he discussed with OSB the products available to him and Mrs G. On 24 November Mr B and Mrs G returned OSB's preference form indicating the interest rate product they'd selected. Their mortgage reverted to OSB's SVR at the end of November.

Mr B contacted OSB again on around 6 December to check on the progress of the application. OSB said then it hadn't been possible to process it since the consent to let on the property hadn't expired. Mr B said he'd sent the proof of living at the property OSB had required, and no one had told him before that the consent to let needed to have expired. He felt OSB were deliberately blocking the application to keep him and Mrs G on the SVR. He raised a complaint.

When Mr B spoke to the securities team later that day they explained, broadly, there was a note against their account that they'd been given consent to let; and to prove they were living in the property – and eligible for a product transfer - they needed to send a bank statement

since OSB considered that to be the best evidence.

Mr B was unhappy he'd been given differing information about the reason for the restriction and the evidence required to remove it. He said he'd understood when speaking to OSB about the available products before 24 November that the restriction had been removed. He felt OSB had delayed things. And he complained about the time the application would take following removal of the restriction.

OSB issued a mortgage offer shortly afterwards and a new rate was put in place with effect from January 2023. But Mr B and Mrs G had had to pay additional interest at the SVR of around £500 in December. They blamed that on OSB's delays. They felt OSB should put them into the position they would have been in if their product switch had applied from December 2022. And they were unhappy with OSB's timescales for dealing with their complaint.

At first OSB said they'd refund the additional amount Mr B and Mrs G had paid. But following their full investigation, they came to the view that since Mr B and Mrs G hadn't returned the preference form until 24 November, it wouldn't have been possible to process their request in time for the new rate to be put in place for December 2022.

Since Mr B and Mrs G didn't agree OSB's outcome, they brought their complaint to the Financial Ombudsman Service. Our investigator came to the view OSB hadn't done anything wrong. Since Mr B and Mrs G didn't agree, their complaint was passed to me to decide. I recently issued a provisional decision, an extract of which follows:

"What I've provisionally decided – and why

I note Mr B's strength of feeling about what happened. I may not mention here all the points he and OSB have made. No discourtesy is intended by that. It simply reflects the informal nature of the service we provide. I'll focus on what I think is key in coming to my decision. I'd reassure the parties I've considered carefully what they've said and the information they've provided. And I've listened to calls Mr B had with OSB during November and December 2022.

I can't require OSB to change the service level standards (SLAs) they work to. But I can consider whether the service they provided to Mr B and Mrs G was fair and reasonable in all the circumstances. I'm aware it was a busy time for lenders. Customers were concerned about interest rates going up - and about other increasing costs, as Mr B's identified. It isn't surprising the demand for customer contact had gone up. And OSB had backlogs. It's fair to consider any delays against that background as well as OSB's usual turnaround times.

The letter OSB sent to Mr B and Mrs G giving consent to let said that once their interest rate deal had run out, they wouldn't be eligible for a product switch and the loan would revert to the SVR. I can understand Mr B and Mrs G may have forgotten about that given the time that had passed and since they hadn't let the property anyway. But it wasn't unreasonable for OSB to have marked their account to show they had consent to let, and to check the position before agreeing a new rate.

The October 2022 letter and preference form were set out in terms I consider were clear, fair and not misleading - in line with Financial Conduct Authority requirements. They didn't mention any restriction on applying for a new rate. But they did explain clearly that there was some urgency in responding to the letter. That's because OSB were offering Mr B and Mrs G interest rate products that had since been withdrawn and that offer ran out at the end of October. Mr B and Mrs G had to sign and return the preference form to OSB by email or post within 14 days for the application to go ahead. And the mortgage offer had to be accepted by

the end of November.

Mr B says they'd been unable to send the preference form back sooner as they'd wanted to discuss their options with OSB. He says he'd tried unsuccessfully to get through due to waiting times before he held on and managed to speak to someone on 17 November. The wish to discuss the available interest rates with OSB is consistent with Mr B and Mrs G missing the deadline for choosing from the lower rates set out in the October letter. So, I'm not persuaded Mr B and Mrs G had tried to contact OSB significantly earlier. Mr B's noted the letter didn't ask for proof they were living in the property. But since they didn't contact OSB to take advantage of the lower rates at the time, I don't think, on balance, they would have been in contact any sooner if OSB's letter had asked them for that proof.

OSB explained on 17 November there was a restriction on the account, although they couldn't explain the reason for it. They said Mr B would need to contact the securities team to discuss that issue and provided a phone number. OSB agreed Mr B's suggestion of sending a Council Tax bill as proof of living at the property. They explained they couldn't offer a rate until the restriction had been removed. But they said Mr B could look at rates on-line and he and Mrs G would need to submit the preference form for the application to go ahead. OSB explained an application would usually take between 20 and 25 days so it wouldn't happen in time for the switch to take place in November.

I'm not aware Mr B called the securities line number. But he did ring later that day to check the bill he'd emailed over had been received. OSB said it had and that they'd sent it to the securities team. They explained it would usually take between seven and ten working days to be reviewed, but they had backlogs. Mr B asked for the application to be expedited. OSB explained a case had to be set up with the securities team before making that request. Mr B said he'd ring back to ask the next day.

Mr B called a few days later to ask for the process to be speeded up. OSB said they'd asked the securities team to do that. And they escalated the request to more senior management. But they didn't confirm they'd be able to do things more quickly. And they let Mr B know their timescales and the backlog they were facing several times.

Bearing the above in mind, I think OSB did enough to manage Mr B and Mrs G's expectations about how long things might take. And it seems their application wasn't prioritised as the issue hadn't been resolved when Mr B finally spoke to the securities team on 6 December. Although Mr B mentioned his concerns about paying the SVR, I'm not aware he and Mrs G were unable to make the December payment. And there's no other reason I'm currently aware of as to why it would have been fair for OSB to prioritise Mr B and Mrs G's application over those of other customers.

OSB noted Mr B and Mrs G didn't return the preference form until 24 November so there wasn't enough time for the application to go through for a new rate to be put in place for December. I think it was reasonable for them to return the form after they'd spoken to OSB about the rates they could choose from on around 22 November. That's because I think Mr B could reasonably have thought from the conversation on 17 November that nothing could be done regarding the application until the restriction had been removed and that the only rates available were those they could view on-line. On 22 November OSB said they could still choose from the rates set out in the October letter. And Mr B and Mrs G returned the form a couple of days later.

But Mr B and Mrs G had had the chance of applying much sooner when OSB sent the October letter. And the letter had made clear the timescales for returning the preference form and accepting a mortgage offer. Given they didn't contact OSB until mid-November, their chances of securing a new rate in time for December had gone down. Even if there

hadn't been any backlogs, the restriction issue hadn't arisen, and they'd submitted their preference form on 17 November, it's unlikely their application would have gone through in time given OSB's usual timescales. Bearing that in mind, whilst OSB acknowledged they'd made mistakes in reviewing the restriction, I don't think OSB's actions led to Mr B and Mrs G losing out on a new deal for November.

Having said that, the service OSB provided overall should have been better. It's evident from the calls I've listened to that Mr B was concerned about the time things were taking and the financial impact having to pay the SVR would have. OSB failed to explain things clearly. For example,

- The information OSB provided about the rates that Mr B and Mrs G could choose from differed
- OSB didn't say clearly whether or not they were able to expedite the application or had done so
- OSB gave several apparently different reasons for the application not going ahead
- The OSB representatives Mr B spoke to didn't seem to know the reason for the restriction and appeared reluctant to put him through to someone who might be able to explain
- It wasn't until Mr B was able to speak to the securities team on around 6 December that OSB gave him a clear explanation about the reason for the restriction on the account and the evidence required to remove it so the application could then go ahead
- When Mr B spoke to the securities team they required different evidence of living in the property to the bill he'd previously agreed to provide
- Although Mr B mentioned they'd be in difficulty paying the mortgage at the SVR, OSB didn't follow that up

It was reasonable for Mr B to think OSB were delaying things. And I think it's fair OSB compensate Mr B and Mrs G for the distress and inconvenience they suffered as a result of the poor service. Bearing the above in mind, and the time it took between mid-November and early December to resolve the restriction issue so that the application could go ahead, I think compensation of £200 would be fair.

I note Mr B and Mrs G were unhappy with the timescales OSB were quoting for dealing with their complaint. I appreciate it will have added to Mr B's frustration to be told it would take several days to come back to him about it given the concerns he already had about the application. We don't usually have the power to consider complaints about complaint handling. From what I've seen, OSB generally complied with the complaints handling process and timescales set out by the FCA.

Mr B's said he and Mrs G may have applied to an alternative lender if he'd known OSB would go back on their agreement to refund the additional interest after he'd complained. That would have required a full mortgage application. It's unlikely that would have gone through quickly enough to prevent Mr B and Mrs G paying the SVR for December and possibly longer. They haven't provided any evidence they would have been better off overall by doing so. And from what I can see, OSB honoured a previous rate even though Mr B and Mrs G were outside the deadline for applying by the end of October. In all the circumstances, on balance, I don't think they would have pursued that option.

Bearing everything in mind, based on what I've seen so far, to put things right I think it's fair for OSB to pay Mr B and Mrs G £200 compensation for distress and inconvenience.

My provisional decision

I intend to direct OneSavings Bank Plc trading as Kent Reliance to pay Mr B and Mrs G compensation of £200 for distress and inconvenience.

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.

Neither party had any comments to make on my provisional decision. In the circumstances, there is no reason to change my view. I uphold the complaint for the reasons I set out in my provisional decision.

Putting things right

OneSavings Bank Plc trading as Kent Reliance should pay Mr B and Mrs G compensation of £200 for distress and inconvenience.

My final decision

I uphold Mr B and Mrs G's complaint and direct OneSavings Bank Plc trading as Kent Reliance to pay them £200 compensation for distress and inconvenience.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B and Mrs G to accept or reject my decision before 1 February 2024.

Julia Wilkinson
Ombudsman