

The complaint

Mr and Mrs L's complaint about The Mortgage Works (UK) Plc (TMW) relates to their application to extend their mortgage term.

What happened

Mr and Mrs L had a Buy to Let, or Let to Buy, mortgage product with TMW which was due to expire in December 2024. On 17 October 2022 they contacted TMW with a view to discussing an extension which led to them submitting a term extension request on 25 October 2022. Unfortunately, that request was declined on 8 November due in part to their EPC certificate having expired on 14 December 2021. An email was sent to Mr and Mrs L that day advising that if they wished to continue with their request, then further documentation was required, namely an updated EPC certificate, tax year overview forms and a valuation fee of £405.

On 9 November Mr and Mrs L submitted their tax year overview forms and cheque for the valuation fee. On 22 November TMW instructed a valuer to provide a valuation which was undertaken on 24 November.

On 30 November TMW generated a letter to be posted to Mr and Mrs L advising that the valuation of the property was £330,000, meaning the maximum mortgage balance which could be approved would be £151,073. As their current mortgage balance was £151,994 their application had been declined as it hadn't passed TMW's affordability assessment. In order to bring the application within TMW's affordability criteria TMW said an option would be for Mr and Mrs L to make a capital payment of £921 to reduce the mortgage balance.

Mr and Mrs L say that they did not receive this letter until 12 December and in their final response letter 25 January 2023 TMW say they could not evidence the letter being sent out. TMW's system notes also record that the letter was held back pending checks being undertaken by the QC department, which I understand to be 'quality control'. Mr and Mrs L made the payment of £921 on 23 December and their December contractual monthly payment (CMP) was paid on 28 December.

On 9 January Mr and Mrs L chased up their application as they had not heard anything. On 11 January 2023 TMW wrote to Mr and Mrs L confirming that their term extension request had been approved extending the term to the 29 February 2032 and setting the interest rate at 6.99% with a CMP of £880.08.

On 18 January, Mr and Mrs L say they received a letter from TMW advising that their mortgage was moving to a variable rate of interest meaning a CMP of £943.14. The following day, on the 19 January, Mr and Mrs L say they received another letter from TMW advising the mortgage rate of interest was changing to 6.99% meaning a CMP of £880.08.

On 25 January Mr and Mrs L say they received a phone call from TMW to advise their application had completed and they were due a refund. They subsequently received written confirmation about their 'product switch' dated 25 January, stating the interest rate was

variable and currently 4.09% meaning a CMP of £520.05 for January and £583.65 from 1 February when the rate increased to 4.59%.

Mr and Mrs L would like their account adjusted by refunding their payment of £921 and also a further £363.35 being the difference between their December payment of £885.35 and the £520 they feel they ought to have paid had their term extension been approved earlier. They feel the application ought to have completed by 28 December. Mr and Mrs L also feel they should be reimbursed £100 in relation to the time they have incurred on this matter and their telephone expenses.

TMW have accepted that it caused considerable delays and that Mr and Mrs L had had to chase the status of the application and so apologised and sent them £250 in compensation.

Mr and Mrs L were unhappy with TMW's final response and so approached this service to see if we could assist in resolving the dispute. Our investigator thought that although there had been some poor service by TMW, the amount of compensation TMW offered was enough to put things right. Mr and Mrs L didn't agree and asked for the complaint to be passed to an Ombudsman for a final decision.

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.

If there's something I've not mentioned, it isn't because I've ignored it, it's because I don't need to comment on every individual argument to be able to reach what I think is the right outcome. I've taken account of both sides' views and I've looked at the issues raised and considered all the available evidence.

The accepted facts are that Mr and Mrs L submitted their term extension request on 25 October, which was declined 10 working days later on 8 November. I think 10 working days is a reasonable period for TMW to process and assess the application.

In their correspondence with this service Mr and Mrs L have confirmed that they were informed by email that TMW needed an updated EPC certificate and their tax year overviews in order to proceed with their application. I have seen Mr and Mrs L's letter with cheque dated 9 November, and also TMW's contact notes which show that on 17 November they had received the EPC certificate and tax year overviews, but seemingly not the cheque. Given the evidence I have seen from Mr and Mrs L I think it more likely than not that TMW did however have the cheque at that time. There is certainly no other note to say to was received separately.

The valuation was instigated three working days later on 22 November which was reasonable. There was a further four working days before the letter of 30 November was created advising Mr and Mrs L that their request had been declined and what their options were. Again, that was a reasonable period of time to consider the valuation and determine the request.

Thereafter there was an unnecessary delay caused by TMW of some eight working days before Mr and Mrs L actually received the letter of 30 November. I've seen TMW's evidence showing that they did consider Mr and Mrs L's extension request which led to their conclusion that a payment to reduce the balance was an option to bring it in line with its affordability criteria. They have explained that their decision was based on a number of criteria including not only the loan to value ratio but also the property rental income and stress rates. I think reaching that decision was reasonable. I don't have the power to assess

or direct that TMW change its policy or procedures or use a particular set of lending criteria. I can only look at what happened in the circumstances of the individual complaint and check TMW followed its rules and procedures and applied them fairly, which I think they did.

Mr and Mrs L feel the delays by TMW caused them to miss out on a reduced interest payment by a month. As I have found above, I accept there was a delay of eight working days to 12 December. However, I note that the payment necessary to bring the request within TMW's affordability criteria was not made until 23 December. I can't be satisfied given this delay from 12 December that Mr and Mrs L would have made the payment any sooner, and as such in any event it would have been too late.

So, although there has been some delay, I don't think it would be fair to direct TMW to refund the £921 capital payment, since that was always going to be required to be paid and it has reduced Mr and Mrs L's mortgage balance which is benefit to them. I don't think that the delay I've identified has had a material effect on the granting of the request to extend the term and so I don't agree that TMW should refund Mr and Mrs L £363.35 they seek.

TMW has accepted that it didn't get things right and because of that it compensated Mr and Mrs L with £250. Mr and Mrs L didn't think that this was enough to put matters right, so I've given this point some further thought. What is important to remember is that there is no set figure for compensation, since the facts of each case are different, and ultimately it is an exercise of judgement, looking at all the circumstances and coming to a figure which feels fair, when set against the effect upon the complainant of any particular service failures. When we make awards of compensation we categorise them and examples of these can be found on our website. I think the relevant category for this this complaint would be the second category; *'An award .. of up to £300' is usually applicable when an error has caused frustration and annoyance more than you might reasonably expect from day-to-day life, and the impact has been more than just minimal.*

So, in conclusion although Mr and Mrs L will probably be disappointed with my decision, and whilst TMW have indeed made errors, I can't say TMW has subsequently acted unfairly or unreasonably here and I'm not upholding this complaint. I think the £250 offered was reasonable and reflects the delay, poor service and time Mr and Mrs L have spent dealing with the matter.

My final decision

For the reasons set out above I do not uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs L and Mr L to accept or reject my decision before 30 January 2024.

Jonathan Willis
Ombudsman