



Case study: Banking

MORTGAGE TRANSFER UNABLE TO PROGRESS DUE TO COMPLAINANT'S CHANGE IN EMPLOYMENT STATUS

Themes: Offer letter; mortgage transfer; terms and conditions; lending criteria; change in borrower circumstances.

The subject of this complaint is the complainant's change in employment status which affected her request to transfer her mortgage to another property.

Miss W decided to move house and wanted to sell her property. In order to do so, she approached her mortgage provider to 'port' her mortgage. In September 2020, the mortgage company offered to port the mortgage and raised Miss W's existing loan amount to approximately £400,000. The offer was valid until March 2021.

In March 2021, Miss W approached the mortgage company to request an extension as the sale of her property had been delayed due to the pandemic. Miss W also advised at this time that she had become self-employed. At which point the mortgage company stated they could no longer authorise the mortgage port due to the changes in Miss W's employment status. Miss W arranged an alternative mortgage with another lender and had to pay to her mortgage provider repayment charges of approximately £14,000.

Miss W made a complaint to her mortgage provider about the repayment charges requesting a full refund. She believed the mortgage company's decision not to lend on the basis they had advised was unreasonable. Miss W's mortgage provider rejected her complaint, stating that the offer letter sent to Miss W regarding the port proposal clearly stipulated the offer was based on the financial information provided by Miss W at the time and could be withdrawn if there was a material change. Miss W took her complaint to CIFO.

CIFO investigated and noted that Miss W stated she was advised at the time she approached the mortgage company about the port that a change to her employment 'didn't matter' as she was already earning a reduced salary. However, CIFO was not provided with any written evidence to suggest Miss W's employment would not matter. On the contrary, the offer letter regarding the port stipulated Miss W's salary information was used to assess affordability and the decision to increase the mortgage was based on that information. Miss W's subsequent discussions with CIFO also indicated that Miss W knew she needed to retain employment until the mortgage port had been completed. CIFO listened to the calls between Miss W and her mortgage provider. The adviser could be heard stating that Miss W's employment status may affect the conditions of the port. CIFO also noted that the original mortgage offer letter clearly stated the repayment charge that would be due if material circumstances changed. Therefore, CIFO concluded that the mortgage provider had properly applied the repayment charge and had supplied clear information regarding any material changes that could have affected the proposal. CIFO did not uphold the complaint.