

Skipton Building Society Legal Action

 property118.com/skipton-building-society-legal-action/

In 2010 the Skipton Building Society broke a promise to over 60,000 mortgage account holders.

The basis of that promise was that their mortgage rate would never exceed 3% over the Bank of England base rate – it did – CONSIDERABLY!

The hike in monthly payments for a person with a £150,000 interest only mortgage has been around £181.25 per month!

Affected borrowers include both home-owners and buy to let landlords.

At the time a small group sought legal advice but insufficient funds were raised to challenge the matter in Court. Looking back at what happened I can only assume this was due to lack of marketing expertise within the campaign group which set out to challenge Skipton.

Given that the rate hike occurred over four years ago the Skipton probably think they have got away with this and are home and dry. Several borrowers have sold their properties or refinanced onto different deals but this makes no difference, they all have a potential claim for compensation.

Saqib Mahmood, a non-practising

Barrister was affected by the rate hike to his personal mortgage and another on a buy to let deal. Mr Mahmood was part of the initial campaign group and admits *“the campaign got nowhere due to lack of marketing expertise. The case we had was strong and Skipton have already capitulated for one borrower to [avoid Court Action](#). I am delighted that Mark Alexander and his team at Property118.com have picked up the gauntlet on this one. I am also affected by the West Brom rate hike”*. Mr Mahmood was also keen to point out what he refers to as “the Gerald Ratner moment” of the Skipton CEO. This dates back to 5th March 2009 when the Bank of England base rate fell to 1%. Skipton chief executive David Cutter said *“We have pledged our residential SVR will never be more than 3 per cent above base rate and, even with this at its lowest level for 315 years, we will honour our promise.”* – [LINK](#)



The Legal Action Campaign Against Skipton Building Society

On the back of organising a successful campaign which raised over £450,000 to mount a [legal](#)

[challenge against the West Bromwich Mortgage Company](#) (whose borrowers are affected by a similar issue) Property118.com has sought Counsel's opinion on the conduct of Skipton Building Society. Counsel is so confident that he can get the Skipton's decision reversed if the matter goes to Court that he is willing to work on a "no-win-no-fee" basis to achieve this. His objective will be to get the terms enforced and claim compensation backdated to the date of the increase. However, this will be subject to recruiting borrowers with a minimum combined total of 500 affected mortgage accounts.

NOTE – *No-win-no-fee agreements are also known as a CFA ([Conditional Fee Agreement](#)) or a DBA ([Damages Based Agreement](#)).*

The case will be run on similar terms to the legal action against West Bromwich Mortgage Company, i.e. one borrower will represent all those who instruct Counsel to challenge the legality of the rate hike. Any Court order will only apply to the mortgage

accounts represented by the legal action. In other words, there will be no free rides.

There will be two representative legal challenges, one on behalf of consumers (i.e. homeowners and landlords with only one buy to let mortgage) and the other on behalf of landlords with two or more buy to let mortgages.

The Barrister we have engaged is [Mark Smith of Cotswold Barristers](#). This is due to his experience in these matters having taken on the UK's largest ever direct access barristers case against the West Bromwich Mortgage Company.

Costs and mitigation of risk

Cotswold Barristers will administer the action, Innovative Landlord Solutions LLP (the owners of Property118.com) will be responsible for driving the campaign and associated marketing.

We are not asking anybody to part with any money at this stage. However, t

o fund the campaign, at some point, we will need to begin fundraising to pay for administration and marketing. We will let you know more about this in due course.

Once an initial target of 500 instructions has been obtained, pre-action protocol proceedings will be initiated and papers will be served to the Courts 90 days thereafter. This 90 day period will be known as the Countdown period.

Mark Smith (Barrister-At-Law) will earn nothing unless he wins the case or arranges a [settlement](#) for the clients he is representing.

No Win No Fee.



During the Countdown period Counsel will also organise [ATE insurance](#) or [litigation funding](#) to protect claimants against adverse costs in the event of the legal action failing and the others sides legal costs being ordered to be paid by the group. The case will not proceed if this risk cannot be mitigated, either by these routes or by self-insurance, a model that has worked with great success in the West Brom case.

Legal Action Objective

The objective of the legal action is for the 3% interest rate cap to be Court ordered and backdated to the commencement of the affected mortgages. In other words, those who sign up to this action could receive a lump sum refund (less costs) and lower mortgage payments moving forwards. If the barrister fails to achieve this objective he will be paid nothing for his efforts. If the case succeeds a percentage of the overpayment will be retained to pay ATE insurance, other expenses, and Counsels fee.

For more details please search Google for “**Property118 Skipton Building Society Legal Action**”