

The complaint

Mr S and Mrs S complains Mortgage Advice Bureau Limited (MAB) caused delays in their mortgage application resulting in them incurring unnecessary costs.

What happened

Mr S and Mrs S says they applied for a mortgage via MAB in late May 2020, and made it clear they needed to complete the house purchase before the end of August 2020, to tie in with their children's new school starting dates. Mr S and Mrs S says MAB failed to process their application until late June 2020 and despite them regularly asking for updates on the progress of their application MAB didn't keep them informed of any issues with their mortgage application. Mr S and Mrs S says it wasn't until mid-August 2020 they were then informed by MAB they needed to apply elsewhere as their mortgage application hadn't been approved, leaving them little time to complete the new mortgage requirements in time for their proposed move on 20 August 2020.

As a result of this Mr S and Mrs S incurred considerable costs between the time they moved to their new location and when the new mortgage was eventually drawn, in mid- September 2020, including storage costs and accommodation rental.

Mr S and Mrs S want MAB to reimburse them for these additional costs.

MAB says while it accepts it made an initial mistake on the mortgage application it sent to the lender, it had corrected this immediately and this wouldn't be the reason for the delays Mr S and Mrs S experienced. MAB says the lender continually requested further information, some of which it had already provided and aren't responsible for the extra costs Mr S and Mrs S have incurred here. MAB says once the details of the letting of Mr S's and Mrs S's existing home was made known, a new mortgage application was submitted and approved by a new lender within a matter of weeks.

Mr S and Mrs S weren't happy with MAB's response and referred the matter to this service.

The investigator looked at all the information available and upheld Mr S's and Mrs S's complaint. The investigator says there was sufficient evidence to suggest MAB had made mistakes when submitting the mortgage application to the lender and failed to keep Mr S and Mrs S informed the application had been declined from the very beginning. The investigator felt that if that had been known earlier Mr S and Mrs S could have taken actions to make alternative arrangements. The investigator says as a result of these mistakes by MAB, it resulted in unnecessary costs being incurred by Mr S and Mrs S and these should be reimbursed.

The investigator instructed MAB to refund the following costs:

- The cost of storage for their belongings for their new property: £976.00, plus 8% simple interest from the date it was paid until MAB make this payment.
- The cost of storage for their belongings for their previous home: £144.00, plus 8%

simple interest from the date it was paid until MAB make this payment.

- The cost of transporting the contents of Mrs S's home office: £996.00, plus 8% simple interest from the date it was paid until MAB make this payment.
- The cost of accommodation, with the cost of the mortgage for two weeks deducted: £2,260.29 plus 8% simple interest from the date it was paid until MAB make this payment.
- Reimburse the cost of the broker fee of £495 to address the trouble and upset this matter caused Mr S and Mrs S .

While Mr S and Mrs S accepted the investigator's view MAB didn't and asked for the matter to be referred 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.

Having done so, I will be upholding this complaint and I will explain how I have come to my decision.

I can understand it would have been worrying and upsetting for Mr S and Mrs S to learn their mortgage application had been declined with little time available to arrange new finance in time for their proposed move date.

When looking at this complaint I will consider whether MAB were responsible for creating avoidable delays during the mortgage application process.

Mr S's and Mrs S's complaint centres around the fact MAB didn't deal with their mortgage application promptly enough or keep them informed of any issues with the application until mid-August 2020, by which time they had little time to find alternative lenders to meet their moving deadline of 20 August 2020. Mr S and Mrs S have provided details of the extra costs they've incurred by having to move into rented accommodation and storage of their possessions, and they feel these costs should be reimbursed by MAB.

It's worth saying here MAB were made aware early on in the mortgage application process that Mr S and Mrs S had a deadline they needed to meet, to coincide with their children's schooling. While it's reasonable to say MAB probably couldn't guarantee a mortgage would be agreed in the timescale Mr S and Mrs S wanted, what I would expect is, MAB to make sure if that date was ever in doubt or there were any potential issues with the mortgage application, it would keep Mr S and Mrs S informed of that, given how important that date was to them. But I can't see that happened here.

I say this as the mortgage application was put forward to the lender by MAB on 25 June 2020, and from the information I have seen, even at that early stage the lender had indicated the mortgage wasn't affordable. While MAB has suggested that wasn't its understanding and that the application needed to be rekeyed, that's not consistent with what the lender has told them and crucially MAB haven't been able to provide any evidence to this service to show that wasn't the case. It's also worth saying that after the application was rekeyed and further information provided by MAB, the lender still declined the application on the same basis – that it deemed the application unaffordable, which on balance suggests that was the case from the very beginning.

I do accept mortgage applications can of course get declined for various reasons and that is

understandable. But where I have an issue here is, despite this service asking MAB to provide evidence to show it kept Mr S and Mrs S regularly informed of this or any other issues surrounding the application, it was unable to do so.

MAB have explained to this service that *“On the 20th July the adviser was asked to call the lender regarding the keying of the properties. At the time the adviser believed that it was only deemed unaffordable and once the properties were reverse on the application it would fit. Therefore, the adviser did not want to worry the client as the documents would be transfers to the new app.”*

This seems to me to underline the fact the adviser chose not to keep Mr S and Mrs S informed of the potential issue and while I can understand he may not have wanted to worry the clients, I am of the view this in fact proved unhelpful and Mr S and Mrs S weren't sufficiently kept informed of the progress or potential issues with their mortgage application.

It's also fair to say that if MAB had done so, Mr S and Mrs S in all probability, would have looked to consider alternative lenders to secure the mortgage in time for the completion date they needed. I say this because within a matter of weeks of being told the mortgage application had been declined in mid -August 2020, a new mortgage was agreed by a new mortgage provider.

With that in mind I am satisfied MAB could have done more to have kept Mr S and Mrs S informed of the issues surrounding the application and because it didn't, this contributed to unnecessary delays in getting a mortgage agreed in time. As a result of this it's reasonable to say Mr S and Mrs S were committed to moving to their new destination, which MAB were made aware of at the outset and throughout their dealings with Mr S and Mrs S, and so it's only fair that any extra costs incurred by them by not being able to complete the mortgage on time, should be covered by MAB here.

With that in mind and while MAB will be disappointed with my decision, I support the investigator's view it should now reimburse Mr S and Mrs S with costs outlined in her view.

Putting things right

I instruct Mortgage Advice Bureau Limited to refund the following costs:

- The cost of storage for their belongings in their new property: £976.00, plus 8% simple interest from the date it was paid until MAB make this payment.
- The cost of storage for their belongings in their previous home: £144.00, plus 8% simple interest from the date it was paid until MAB make this payment.
- The cost of transporting the contents of Mrs S's home office: £996.00, plus 8% simple interest from the date it was paid until MAB make this payment.
- The cost of accommodation, with the cost of the mortgage for two weeks deducted: £2,260.29 plus 8% simple interest from the date it was paid until MAB make this payment.
- Reimburse the cost of the broker fee of £495 to address the trouble and upset this matter caused Mr S and Mrs S.

My final decision

My final decision is that I uphold this complaint.

I instruct Mortgage Advice Bureau Limited to refund the following costs:

The cost of storage for their belongings in their new property: £976.00, plus 8% simple interest from the date it was paid until MAB make this payment.

The cost of storage for their belongings in their previous home: £144.00, plus 8% simple interest from the date it was paid until MAB make this payment.

The cost of transporting the contents of Mrs S's home office: £996.00, plus 8% simple interest from the date it was paid until MAB make this payment.

The cost of accommodation, with the cost of the mortgage for two weeks deducted: £2,260.29 plus 8% simple interest from the date it was paid until MAB make this payment.

Reimburse the cost of the broker fee of £495 to address the trouble and upset this matter caused Mr S and Mrs S.

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 29 August 2022.

Barry White
Ombudsman