

The complaint

Mr and Mrs N complain about poor mortgage advice from First Complete Ltd (trading as PRIMIS Mortgage Network). They ask that it refunds the brokers fee and valuation fee. Mr and Mrs N are represented by a solicitor in bringing this complaint.

What happened

Mr and Mrs N asked First Complete for mortgage advice. They wanted to refinance two existing mortgages and take out further borrowing. Mr and Mrs N say they told First Complete this might be difficult due to the construction of their property.

First Complete recommended a mortgage and made an application on behalf of Mr and Mrs N. A valuation was carried out on behalf of the lender. The valuer said the property was outside the lender's criteria due to its construction. Mr and Mrs N say First Complete should have checked the lender's policy before making the application.

Our investigator said First Complete needed to gather information about the property as part of its fact finding. It should have checked whether the property was outside the lender's criteria. The investigator said First Complete should refund the brokers fee and valuation fee and pay compensation.

First Complete didn't agree and set out a number of reasons for this.

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.

Where the evidence is incomplete, inconclusive or contradictory, I reach my decision on the balance of probabilities – in other words, what I consider is most likely to have happened in light of the available evidence and the wider circumstances.

First Complete carried out a fact find with Mr and Mrs N. In its fact find the property is described as detached, with walls constructed of timber and a slate roof. It says the property is a barn conversion with a clay roof.

The lender's published criteria say it may consider on an individual referral basis timber framed properties. Its published criteria lists unacceptable property types, including timber framed properties with no brick skin.

The valuer said the property was outside the lender's policy because it has historic timber frame construction and is not clad externally with masonry.

Mr and Mrs N say they told First Complete about the property construction. They say they told the adviser they anticipated difficulty re-mortgaging because the property is fully timber framed and timber clad. I think it's likely they did. Otherwise, I don't know why First Complete would have recorded that the walls were made of timber in the fact find. Mr and Mrs N say they were assured that the broker had expertise in securing loans for properties of this kind

and would consider this when selecting a lender.

First Complete gave a number of reasons why it didn't think it made an error.

First, it said the fact find doesn't state the property had no bricks on the outside. It said Mr N gave a vague answer about having done the build himself and that bricks had been used and that was all the information he provided. I don't think that's consistent with the fact find which says the walls are made of timber. But if the broker found the answer vague, they could have asked for a clearer response. If First Complete thought the walls were made of brick I don't know why it recorded in the fact find that they were made of timber.

First Complete also said the lender's brick skin requirement relates to modern construction methods and not a period property. That's not how the published criteria read to me. And this isn't consistent with the valuer's comments that the property was outside policy because it had historic timber frame construction and is not clad externally with masonry.

First Complete provided a recording of a recent call with the lender's call centre. Its staff member said his understanding was that a period timber framed property would be considered. He said his understanding was that the brick skin requirement relates to modern methods of construction. But the discussion and confirmation was whether the lender would consider a period timber framed property, subject to valuation. This isn't in dispute. The issue is that the walls were also timber (i.e. not brick), and this was outside the lender's criteria.

First Complete said the lender confirmed it would consider Mr and Mrs N's application, subject to the valuation. It can't provide evidence of this, or that it gave the lender correct and complete information about the property before receiving any such assurance. Given the potential issues with the property's construction and the lender's published criteria, I'd expect First Complete to have checked carefully whether the lender would consider the application. I'd expect it have some record of this, and to ensure the description of the property in the application was clear and accurate. The mortgage application completed by First Complete didn't mention the property construction or that it was listed. It says the property was built in 1980, when the fact find says it was built some 200 years earlier and converted into a house in 2006.

First Complete said it's unfair to expect its brokers to be qualified property surveyors. I don't think that's the expectation. I think the expectation is that, having been told the property has a timber frame and timber walls, it would check this was within the lender's criteria.

Lastly, First Complete said there were no other lenders on its panel that would have offered Mr and Mrs N a mortgage (they wanted an interest only mortgage which further narrowed their options). It said Mr and Mrs N were initially delighted the lender it recommended would consider their application, and there was nothing more it could do without the valuation being carried out.

I understand the point First Complete makes here, about the limited available options. But that doesn't make it fair to allow Mr and Mrs N to incur costs when it should have known that the property was outside the lender's criteria and the application was unlikely to be successful. Having considered the points made by First Complete, I think this is something it knew or ought to have known. The lender's published criteria say timber framed properties with no brick skin are unacceptable. The fact find says Mr and Mrs N's property had walls constructed of timber. And the reason given by the surveyor for the property being outside the lender's criteria was that it has historic timber frame construction and wasn't clad externally with masonry.

I don't think First Complete should have recommended that Mr and Mrs N apply for a mortgage and incur costs when they didn't meet the lender's criteria.

Putting things right

Mr and Mrs N's representative says they were assured the lender would offer a mortgage. I think that's unlikely as their application would always be subject to the lender's checks. There could have been other issues raised in the application process, with affordability or in the valuation.

But it seems unlikely Mr and Mrs N would have chosen to incur the brokers fee and the valuation fee knowing the application was likely to be declined. I think First Complete should return Mr and Mrs N to the position they were in before they made an application to this lender. It should:

- Pay £200 to Mr and Mrs N for the trouble and upset caused by its errors
- Refund or compensate Mr and Mrs N for the brokers/application fee of £399
- Refund or compensate Mr and Mrs N for the valuation fee of £1,090.

My final decision

My decision is that I uphold this complaint. I order First Complete Ltd (trading as PRIMIS Mortgage Network) to pay the compensation set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr N and Mrs N to accept or reject my decision before 8 December 2022.

Ruth Stevenson
Ombudsman