

The complaint

Mr and Mrs M complain about errors and delays by Masthaven Bank Limited with their bridge loan. They ask that it refunds loan costs incurred due to the delays and pays compensation for their time and trouble.

What happened

Mr and Mrs M agreed to buy a property at auction in April 2021. They had to complete the purchase within a month and applied for a bridge loan with Masthaven. Mr and Mrs M say there were problems with the application, with a part repayment in August 2021 and with the redemption of the bridge loan in January 2022. They say they incurred additional finance costs and the problems were stressful and time consuming to sort out. Mr and Mrs M are unhappy with the way Masthaven dealt with their complaint.

Our investigator said, based on the available evidence, Masthaven issued the loan offer and advanced funds within a reasonable time and within Mr M and Mrs M's deadline. She said Masthaven's solicitors had to check the source of funds before Mr and Mrs M could make the part repayment in August 2021. Masthaven had told Mr and Mrs M this was required and it wasn't responsible for any delay. Our investigator said there was no evidence Masthaven caused a delay with the redemption of the loan.

Mr and Mrs M didn't agree. Mr M said Masthaven's clunky process and service cost them additional interest. He referred to Masthaven's announcement it was withdrawing from the UK market. Mrs M said Masthaven didn't meet its obligations under mortgage regulations. She said deadlines were only met because they identified and dealt with Masthaven's errors and managed the legal, financial and regulatory matters themselves. Mrs M said they'd accept a refund of the interest costs related to the delay in applying the part payment and a refund of part of the £8,000 arrangement fee.

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.

Mr and Mrs M set out a number of "gaffes" they say were made by Masthaven. For instance, they say they received a request for information which they'd already provided on the same day the loan completed. Masthaven continued to send message notifications even though they had difficulty accessing the messages on its system, and they'd asked for emails instead. Masthaven sent an email saying the loan had been repaid in full when they'd only made a part repayment. A letter (about Masthaven's privacy policy) was addressed using the wrong name. They say a member of Masthaven's staff described its checks on sources of funds as "clunky". Mr and Mrs M say Masthaven is dysfunctional.

Mr and Mrs M says these errors undermined their trust and they had to be alert to errors and problems throughout. They complain about Masthaven's "clunky" process and Mrs M says Masthaven failed to meet its obligations under mortgage regulations. This service isn't a regulator and we don't have the powers of a regulator, for instance to require Masthaven to

change its processes.

We provide an informal dispute resolution service. What I need to consider is whether Masthaven treated Mr and Mrs M fairly, whether it made errors that resulted in them suffering financial loss or that caused them trouble and upset such that would make it fair to require it to pay compensation. In doing so, I don't have to comment on each issue Mr and Mrs M have raised. What I do need to do is explain why I've reached my decision.

I should say here that 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.

Mr and Mrs M applied for the bridge loan in mid-April 2021. Masthaven issued a loan offer on 30 April 2021. The loan funds were provided as required for their purchase to complete within the deadline. While Mr and Mrs M are unhappy with the application process, they haven't provided evidence of any delays, significant inconvenience or financial loss due to any errors made by Masthaven during the application process.

Mr and Mrs M made a part repayment in early August 2021. Masthaven completed its checks promptly. It referred the matter to its solicitor on 3 August 2021, who also acted promptly to request evidence about the source of funds. The funds were from the sale of a property owned by a third party. The solicitor asked for a bank statement showing receipt of funds from the property sale. There were delays in Mr and Mrs M obtaining this and when the bank statement was provided (on 20 August 2021) it didn't show receipt of the funds.

I'm sorry about the delay this caused. But I can't see this was due to an error by Masthaven. I don't think the solicitor's request for evidence of the source of the funds was unreasonable such that Masthaven should have asked the solicitor to change its request, and neither Masthaven nor the solicitor could have known Mr and Mrs M would have such difficulty providing a suitable bank statement. The solicitor agreed to accept alternative evidence, which Mr and Mrs M provided. The part repayment was made the next day.

Mr and Mrs M say the solicitor could have carried out checks at the same time as Masthaven. That's not Masthaven's usual process, and as I said I can't fairly require it to change its process. I don't think it was unfair for Masthaven to follow its process here. I think it was right that Masthaven told Mr and Mrs M that it would carry out checks, and that further checks would be carried out by its solicitor. But I don't think it's reasonable to say that it had to provide Mr and Mrs M with full details of its (and its solicitors) money laundering checks. This sort of information isn't usually made public, as I'm sure Mr and Mrs M will understand it could potentially assist fraudsters.

Mr and Mrs M made the part payment in late August 2021. I don't think Masthaven caused any unnecessary delays in the part repayment being applied to Mr and Mrs M's account. I don't think it's fair and reasonable to require Masthaven to refund interest as if the payment had been made earlier in August 2021.

Mr and Mrs M were concerned that delays with the registration of Masthaven's charge at the Land Registry could cause difficulties in re-mortgaging. Masthaven says its solicitors had to wait for documents from the vendors solicitor, and there were delays at the Land Registry. Masthaven isn't responsible for these problems. Masthaven's solicitor started an application to expedite the registration process in late December 2021. It couldn't start this process earlier as it needed a copy of Mr and Mrs M's mortgage offer which they provided in late December 2021.

There's no evidence that Masthaven caused any delay in the loan being redeemed in early

February 2022. Mr and Mrs M said they didn't know at the time that Masthaven wouldn't cause a delay. But I don't think I can reasonably require Masthaven to pay compensation for a delay that didn't happen.

Mr and Mrs M aren't happy about the way Masthaven dealt with their complaint. Complaint handling isn't itself a regulated activity so we can't always look into it. While I could do so if I thought the way Masthaven dealt with the complaint delayed it sorting out the underlying problem, I don't think that was the case here. Whether Masthaven wants to use Mr and Mrs M's feedback to help it improve its process is for Masthaven to decide.

Mr and Mrs M bought the property at auction and had a short deadline to complete the purchase. There was a delay with the part repayment when Mr and Mrs M couldn't provide evidence of the source of funds requested by the solicitor. There were delays with registering Masthaven's charge at the Land Registry. Masthaven wasn't responsible for these problems. I can't see that any deadlines were actually missed due to errors or delays by Masthaven. While Masthaven made some errors the nature of the errors and the available evidence doesn't suggest these led to delays or financial loss, or that Masthaven could reasonably have known that Mr and Mrs M would be concerned they would do so. Overall, I don't think Masthaven treated Mr and Mrs M unfairly so as to make it fair to require it to pay compensation.

I appreciate Mr and Mrs M found this matter stressful. I don't think I can fairly find that this was due to errors or poor service by Masthaven rather than the wider circumstances related to buying an auction property, taking out and refinancing a bridge loan and third-party delays. I don't think it's fair and reasonable to require Masthaven to pay compensation, refund interest or refund all or part of its arrangement fee.

My final decision

My decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M and Mrs M to accept or reject my decision before 6 December 2022.

Ruth Stevenson
Ombudsman