

The complaint

Mr and Mrs G complain that the appointed representative of TenetConnect Services Limited failed to advise them that when her remortgage completed that she would have to find £2,000 more than she understood she would have to pay.

What happened

Mr and Mrs G contacted Tenet about re-mortgaging in November 2021. Their mortgage product with their then lender was to expire on 30 June 2022. Following this call Tenet produced a key facts illustration ("KFI") based on the estimated mortgage balance at the end of June 2022. Tenet projected a balance of £209,872 for the mortgage then and the KFI was issued on that basis. Tenet recommended that Mr and Mrs G take out a new mortgage with a different lender and the new lender issued a mortgage offer for that amount together with a product fee to be added to the mortgage. Solicitors were instructed to complete the transaction.

Between then and the end of June Tenet weren't involved in the transaction. Tenet's next involvement was on 1 July when Mrs G phoned to say that there was a shortfall of funds. The redemption statement asked for a figure of £211,834.77. Tenet then contacted the new lender to arrange an increase in the lending to the maximum on affordability to make up as much of the shortfall as possible. In the meantime, the completion money had to be returned to the lender and a new completion date set of 14 July. The lender offered £210,900 which required Mr and Mrs G to make up the balance of £934.

Our investigator accepted that Tenet took reasonable action when it was aware of a shortfall and Mr and Mrs G didn't lose out long term but thought that Tenet hadn't managed Mr and Mrs G's expectations and felt that compensation of £150 would be appropriate. Mr and Mrs G accepted the view. Tenet said that it was the responsibility of Mr and Mrs G's solicitor to provide them with the correct redemption figure and Tenet could not know the final figure so far in advance.

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 G wanted to secure a new discounted rate of interest when their then mortgage product came to an end. They wanted to secure it well in advance which meant that Tenet had to search other lenders rather than their current lender. Tenet successfully dealt with that, and Mr and Mrs G were able to move onto a favourable rate of interest in July 2022. The problem appears to be that Mr and Mrs G reasonably assumed, given that they paid their mortgage on time that the mortgage balance to be transferred would be the balance that appeared in the mortgage offer and were unaware that the balance would be anything different. When the redemption figure was requested by the solicitor in the last days before completion, it came as a shock to Mr and Mrs G.

My role is to decide if Tenet did anything wrong. The redemption figure was a shock to Mr and Mrs G and that stimulated an amount of activity to ensure that Mr and Mrs G would be in funds to complete over a week later. I note that our investigator asked Tenet about what usually happens to identify the redemption balance and the response related to what happens within three months prior to redemption. Tenet says that the present case where the final balance was projected more than three months in advance “*would not be a normal process*”.

So that suggests that there may be likely differences, and perhaps greater than would usually be the case, between the projected mortgage balance at redemption and the actual figure. I would have thought that this was a case where it would have been prudent of Tenet to have either put Mr and Mrs G on notice that this discrepancy was likely to happen or confirmed closer to the time what the actual redemption balance was. I appreciate that in most mortgages this is left to the solicitor, although the solicitor only seems to have got the redemption figure a few days before completion. But this wasn't the normal process and Tenet should have recognised that and put some protections in place for Mr and Mrs G so that the final figure would not come as such a surprise, and they could prepare for it well in advance.

Because of Tenet's failure to do so,, like our investigator, I intend to uphold this complaint. Although I agree that it must have been initially distressing for Mr and Mrs G, Tenet seems to have acted quickly and efficiently in sorting it out and I'm sure Mr and Mrs G appreciated Tenet's detailed response to their complaint as an indication of how seriously Tenet took it. Given that, and as Mr and Mrs G suffered no financial loss I believe that the compensation figure of £150 for their distress and inconvenience suggested by our investigator seems fair.

Putting things right

TenetConnect Services Limited should pay Mr and Mrs G £150

My final decision

I uphold this complaint and require TenetConnect Services Limited to pay Mr and Mrs G £150.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs G and Mr G to accept or reject my decision before 28 March 2023.

Gerard McManus
Ombudsman