

## **The complaint**

Miss A has complained about the poor customer service she received from Sesame Limited (represented by New Homes Mortgage Services LLP) when she was applying for a mortgage to buy a shared ownership property. Miss A also says she was pressurised by New Homes to take out insurance.

To settle the complaint Miss A wants New Homes to find out why she was declined and compensate her for her financial losses.

## **What happened**

I will summarise the complaint in less detail than it's been presented. There are several reasons for this. First of all, the history of the matter is set out in detail in correspondence, so there is no need for me to repeat the details here. I will instead concentrate on giving the reasons for my decision. In addition, our decisions are published, so it's important I don't include any information that might lead to Miss A being identified. So for these reasons, I will keep my summary of what happened quite brief.

Miss A wanted to buy a new-build shared ownership property. Through New Homes she applied for a mortgage with a lender I will call KR. The mortgage application was approved by KR, but before the purchase could proceed, the shared ownership provider, a business I'll refer to as H, also needed to give its approval. Unfortunately, H declined the application, on the basis of affordability.

Miss A complained, saying that H had given contradictory reasons for declining her application. She wanted H and New Homes to compensate her for the fees she'd paid for solicitors and valuation – about £2,000. Miss A also said that she'd felt pressured to take out insurance by New Homes.

In its final response letter Sesame, on behalf of New Homes, explained that the actions of H were outside of its control. Although New Homes had appealed the decision, H hadn't upheld it. Sesame also said that it was appropriate for New Homes to ensure that Miss A understood how important it was to have income protection (IP) and critical illness cover (CIC) to protect the mortgage. Sesame therefore didn't think New Homes had done anything wrong.

Miss A brought her complaint to our service, where an investigator looked at what had happened. He explained that H was outside our jurisdiction, and noted that the Housing Ombudsman had now agreed to look at Miss A's complaint about H's decision to decline her application.

As far as New Homes was concerned, the investigator thought New Homes had done what it could in relation to appealing H's decision to decline the application, but it didn't meet H's criteria. Miss A didn't think New Homes had given her sufficient explanation why the application had been declined, but the investigator clarified that the explanation Miss A had been given was sufficient. He noted that, although Miss A had been asked to provide

evidence to support her appeal, she hadn't sent it. As a result, he didn't think there was anything further New Homes needed to do in relation to the mortgage application.

However, he thought that, after Miss A had made it clear she didn't want to arrange insurance through New Homes, the adviser was insistent she needed it. He thought this was inappropriate and asked New Homes to pay compensation of £100.

Sesame, on behalf of New Homes, didn't agree with this, saying that it didn't think its adviser had done anything wrong in advising Miss A that she needed IP and CIC.

Because the matter is unresolved, it falls to me to issue a 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.

I can appreciate how disappointing it was for Miss A that her application was declined by H. But as the investigator said, H isn't subject to our jurisdiction, and so the decision H made on this application, or its reasons for declining it, are not matters I'm able to consider.

I'm satisfied that New Homes appealed the decision, which I would have expected it to do. Ultimately the decision to decline the application was that of H, and so I'm not persuaded that New Homes should refund any of Miss A's abortive fees in relation to the mortgage application.

As far as the IP and CIC are concerned, however, I agree with the investigator that New Homes pressurised Miss A into taking out cover that she had made it clear she didn't want.

I've listened to the call in question, and Miss A (who doesn't come across as someone who is financially unsophisticated) made it clear, after the adviser had set out the various types of cover, that she would prefer to look into this herself, and that she didn't want to arrange it through New Homes. The adviser continued to press her to take out the cover, and Miss A said she wasn't interested, but he persisted – and even after Miss A said *"I'm really, really, really, REALLY, not bothered about this, can we move on please, we need to move on now..."* the adviser was still insistent and pressing her to take out cover.

Even after the call had moved on and they were discussing contents insurance, the adviser brought up the subject of IP and CIC again and eventually persuaded Miss A to take out the insurance. I also found that he was somewhat patronising, insisting that he was the expert and that Miss A needed to take his advice. In the circumstances, I am satisfied that it wasn't appropriate, once Miss A had made it clear she didn't want the cover, for the adviser to persist. He should have respected Miss A's wishes.

### **Putting things right**

I find New Homes to have been at fault in relation to the sale of the insurance, and I consider a payment of £100 to be suitable compensation for the distress and inconvenience caused to Miss A.

### **My final decision**

My decision is that in full and final settlement of this complaint Sesame Limited (represented by New Homes Mortgage Services LLP) must pay Miss A £100 compensation. I make no other order or award.

This final decision concludes the Financial Ombudsman Service's review of this complaint. This means that we are unable to consider the complaint any further, nor enter into any correspondence about the merits of it.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss A to accept or reject my decision before 29 August 2023.

Jan O'Leary  
**Ombudsman**