

## **The complaint**

Mr and Mrs P complain about poor advice and service from an appointed representative of First Complete Ltd (trading as PRIMIS Mortgage Network) when they re-mortgaged. This resulted in them receiving about £6,000 of additional borrowing instead of the £10,000 they wanted. They ask that PRIMIS makes up the shortfall. Mr and Mrs P also complain that PRIMIS made errors which meant they missed out on lower interest rate products and left them on their previous lender's standard variable rate for longer than necessary.

## **What happened**

Mr and Mrs P wanted to re-mortgage and take out additional borrowing of £10,000 for home improvements. They took mortgage advice from PRIMIS in late 2021. They say PRIMIS failed to submit their mortgage application, which meant they missed out on the lower interest rates available at that time.

Mr and Mrs P's re-mortgage completed in mid-2022. Mr and Mrs P only received about £6,000 of additional borrowing, which isn't enough for the work they want to do. They say this was because PRIMIS mis-calculated their previous mortgage balance. Mr and Mrs P say there were delays in the re-mortgage completing, during which time they were on their lender's standard variable rate, and PRIMIS' service and communication was poor.

I sent a provisional decision to the parties explaining why I intended to uphold this complaint, and what PRIMIS should do to put matters right. Both parties agreed.

## **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.

PRIMIS recommended a mortgage to Mr and Mrs P in late November 2021 with a five-year 1.56% fixed interest rate product. PRIMIS asked Mr and Mrs P for the documents it needed to support the application to the lender. The adviser said he was away from work with Covid-19, he had a full diary on his return and was then on annual leave. By the time the application was submitted in January 2022 the lender had withdrawn the product.

PRIMIS made an application on behalf of Mr and Mrs P to another lender in February 2022. The lender issued an agreement in principle, but declined the application in early March 2022 due to documents not being provided. Mr and Mrs P say they didn't know any of this until they contacted PRIMIS for an update in March 2022. They'd assumed the application for the mortgage recommended to them in November 2021 was going ahead.

A third application was made at the end of March 2022. This lender assessed Mr and Mrs P's application as affordable and offered a mortgage in mid-April 2022. This has a five-

year product with an interest rate of 2.34%.

*Should PRIMIS compensate Mr and Mrs P for the higher interest rate?*

PRIMIS didn't submit a full mortgage application on behalf of Mr and Mrs P until late March 2022 – four months after meeting with them. This was at a time when interest rates were increasing.

PRIMIS reviewed the application details after the complaint came to us. It said Mr and Mrs P wouldn't have met lenders' affordability requirements in late 2021. This was because Mrs P was employed on a temporary contract in late 2021 with less than six months remaining. PRIMIS says some lenders would have excluded Mrs P's income entirely, while others might have asked for evidence her contract would be renewed (which Mrs P might not have been able to provide). PRIMIS said Mr P's income was not sufficient on its own to meet lenders' affordability tests.

PRIMIS says Mr and Mrs P wouldn't have met lenders' affordability tests until mid-2022, when Mrs P moved onto a permanent employment contract. PRIMIS says Mr and Mrs P would have encountered the same issues with affordability, due to Mrs P being on a temporary contract, if they'd asked their lender for additional borrowing in late 2021 or early 2022.

PRIMIS said "*Had the correct advice been given (unable to obtain a mortgage at that time) we believe Mr and Mrs P are likely to have completed a product transfer with their current lender and had to postpone their home improvements until the additional borrowing was available which with the benefit of hindsight we now know would have been May 2022.*"

Having considered what PRIMIS has said and the evidence it provided, I think what it says is likely to be right. So what ought to have happened in October 2021 is that PRIMIS should have told Mr and Mrs P that they wouldn't be able to re-mortgage or raise additional mortgage borrowing at that time.

I think it's likely that, if PRIMIS had given Mr and Mrs P this advice in late 2021, they'd have stayed with their lender and taken out a new product from their lender's range. They'd have looked for other ways to raise the additional funds, or waited until mid-2022 to ask their lender for additional borrowing.

Mr and Mrs P's previous lender offered a five-year product with a lower interest rate than Mr and Mrs P secured when they re-mortgaged. I think PRIMIS should compensate them for missing out on this better rate.

*Should PRIMIS compensate Mr and Mrs P for delays with the re-mortgage completing?*

PRIMIS says the re-mortgage couldn't have completed before 3 May 2022 without Mr and Mrs P incurring an early repayment charge. It says the delay in completing the re-mortgage was due to a legal issue that came to light immediately before completion, and it isn't responsible for delays between 3 and 25 May 2022 while the legal issue was sorted out.

I think, on balance, this is right. However, had Mr and Mrs P been given correct advice, they'd have stayed with their existing lender and taken out a new product when their previous product expired. So PRIMIS should compensate them for being on their lender's standard variable rate while the issue with the re-mortgage was sorted out.

*The additional borrowing*

Mr and Mrs P say when they met with PRIMIS's adviser in November 2021 he checked his records and calculated the amount they'd need to raise to repay their existing mortgage. This was based on the application for their previous re-mortgage (which PRIMIS had also advised them about).

To ensure Mr and Mrs P borrowed enough to repay their existing mortgage and have £10,000 for home improvements a more accurate figure was needed. Mr and Mrs P were taking advice from PRIMIS. I think it ought to have told them they needed to get an accurate figure from their lender. Mr and Mrs P say they thought the adviser was able to calculate what they'd need to repay in May 2022 and didn't question this.

Unfortunately, the adviser's estimate was nearly £4,000 less than the amount needed. I don't think it's fair to require PRIMIS to make up the shortfall. This isn't money Mr and Mrs P lost. They simply borrowed less than they wanted.

PRIMIS should have advised Mr and Mrs P in late 2021 they were unlikely to be able to take out the additional borrowing while Mrs P was on a temporary employment contract. But PRIMIS recommended a mortgage to Mr and Mrs P, and they provided the documents and information necessary to re-mortgage. One of their aims was to raise additional funds to carry out work to the property. Mr and Mrs P say they had to put this work on hold. They will have to make an application for further borrowing to their lender or raise the money another way. I think PRIMIS should pay compensation to Mr and Mrs P for their disappointment and inconvenience.

#### *Communication and service*

I think PRIMIS's service here was poor. Mr and Mrs P provided information and documents for a mortgage application which PRIMIS should have known couldn't succeed. They weren't told the first application hadn't gone ahead, or that a second application had been made and declined. They had to chase PRIMIS in March 2022 to find out what was happening.

Mr and Mrs P were then led to believe the applications had failed due to problems with the lenders when, in fact, PRIMIS didn't submit the applications and supporting documents.

When the third application was made Mr and Mrs P say they were unable to contact the adviser to check on progress. This was particularly stressful as they were unable to access the lender's portal and Mrs P didn't receive messages from the lender and solicitor as her number had been recorded incorrectly. Mr and Mrs P say they were unable to get in contact with the adviser after completion to ask why they'd only received £6,000.

Almost all of this worry and inconvenience would have been avoided if Mr and Mrs P had been given correct advice at the outset – that they should take out a new product with their existing lender.

#### **Putting things right**

If Mr and Mrs P hadn't re-mortgaged, they would have avoided the trouble, inconvenience and worry involved in their re-mortgage process. And I think they'd have secured a lower interest rate product. I think it's fair and reasonable to require PRIMIS to pay compensation to them for this.

We asked Mr and Mrs P's lender when they'd have been able to book a new product and what products would have been available to them. It sent a copy of the letter it sent to Mr and Mrs P on 10 January 2022 reminding them that their product was due to expire on 30 April 2022 and setting out what products were available. This included a five-year fixed

interest rate product with no product fee. This product had an interest rate of 1.45% and expires on 30 April 2027.

Mr and Mrs P chose a five-year fixed rate product (with no product fee) when they re-mortgaged. So, of the products available, I think this is the one they'd have chosen if they'd stayed with their lender. Mr and Mrs P had until 2 February 2022 to accept the product and it would have taken effect when their previous product ended.

It's unlikely Mr and Mrs P would have been able to take out additional borrowing with their previous lender until mid-2022, so any additional borrowing would have been on a different product rate.

PRIMIS should calculate the amount of additional interest Mr and Mrs P will pay as a result of missing out on the five-year product offered by their previous lender, due to its errors and poor advice. For the calculation, it should use:

- the balance of Mr and Mrs P's account as set out on their previous lender's redemption statement (that is, without the additional borrowing).
- the interest rate for the five-year fixed rate product Mr and Mrs P could have taken out with their previous lender (1.45%) as compared to the interest rates they have and will pay. That is, their previous lenders' standard variable rate (4.99%) from 1 May 2022 until the re-mortgage completed. And from then until 30 April 2027 the interest rate for the product Mr and Mrs P actually took out with their new lender (2.34%).

In response to my provisional decision, PRIMIS said if Mr and Mrs P had waited until May 2022 to take out the additional borrowing this would have been at a higher rate. PRIMIS said Mr and Mrs P were about £50 better off as a result of the additional borrowing being at the rate secured in March 2022 and this should be deducted from the compensation. Mr and Mrs P agreed.

I don't think there's any dispute that PRIMIS's service here was poor. Mr and Mrs P were given incorrect advice and misled about what was happening with their mortgage applications.

PRIMIS waived its £250 brokers' fee. I think in the circumstances it was right to do so. I've taken this into account when considering what compensation is fair and reasonable for the upset and inconvenience caused to Mr and Mrs P by its errors and poor communication.

Mr and Mrs P had to chase PRIMIS to find out what was happening. They had to provide documents in late 2021, and updated bank statements for the third mortgage application. They were worried about the re-mortgage completing in time for when their existing product was due to expire at the end of April 2022 and were unable to contact their adviser to check it was progressing.

Mr and Mrs P say they had to put work on their property on hold as they can't pay the contractors, due to the additional borrowing being less than they expected. They had difficulty contacting the mortgage adviser after completion to ask why they hadn't received the £10,000 additional borrowing. And they will now need to look into ways to raise the shortfall.

By taking out the mortgage recommended by PRIMIS, Mr and Mrs P did take out some additional borrowing – albeit not as much as they'd wanted and expected. On the other hand, if they'd known at the outset that they wouldn't get additional mortgage borrowing they could have planned differently. As it was, they went to the trouble of re-mortgaging without

raising all of the additional borrowing they wanted and were left having to look for ways to raise the shortfall.

This whole matter caused upset and inconvenience to Mr and Mrs P over more than six months – which would have been almost entirely avoided if PRIMIS had given Mr and Mrs P correct advice at the outset. I think it's fair for PRIMIS to pay compensation of £500 (in addition to waiving its brokers fee) for this.

### **My final decision**

My decision is that First Complete Ltd trading as PRIMIS Mortgage Network should pay the compensation as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs P and Mr P to accept or reject my decision before 18 May 2023.

Ruth Stevenson  
**Ombudsman**