

The complaint

Mr S complains about poor mortgage advice from Suitable Choices Limited. He says the mortgage offer it secured for him expired before his existing product expired. He was unable to re-mortgage and consolidate debt, and by the time he took out a new interest rate product rates had increased. He asks for compensation for his higher debt repayment costs.

What happened

Mr S's interest rate product was due to expire at the end of December 2022. He took mortgage advice from Suitable Choices in June 2022. Suitable Choices submitted an application on Mr S's behalf and he received a mortgage offer in July 2022. This expired two weeks before his product was due to expire. A new application was submitted but this was declined.

Mr S was unable to re-mortgage and took out a new product with his existing lender. He says the interest rate is higher and he hasn't been able to consolidate unsecured debts or repay his help to buy loan.

Our investigator said the expiry date was decided by the lender, not Suitable Choice. The lender declined the second application due to undisclosed credit commitments, and this would have been the same if the first application had been made later.

Mr S didn't agree. He said Suitable Choice should have known the maximum offer is six months, and the timing depends on the date of the application. He said Suitable Choice should have made sure he secured a mortgage offer that suited his needs. He said any change in his credit position was due to having to borrow more as the impact of the loss of the first mortgage offer had to be prepared for.

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 S wanted to re-mortgage, consolidate unsecured debts and pay off a help to buy loan. Mr S's existing product was due to expire on 31 December 2022. He intended to re-mortgage in January 2023, so as not to incur an early repayment charge. Suitable Choice said there were limited options due to Mr S's circumstances.

Suitable Choice recommended a mortgage and submitted an application. Interest rates were increasing in mid-2022. I think it was fair for Suitable Choice to submit an application for Mr S in June 2022. There was a risk rates might increase if it waited.

The lender issued a mortgage offer on 21 July 2022. The offer was valid until 20 December 2022. This was before Mr S's product expired. Mortgage offers can be valid for up to six months. I haven't seen anything to suggest that Suitable Choice should have known the lender would issue a mortgage offer that was valid for five months. Suitable Choice couldn't tell the lender what expiry date to include. This was the lender's decision.

The mortgage offer was issued on 21 July 2022 and Suitable Choice contacted the lender about extending the offer in late July 2022. I don't think there were any delays by Suitable Choice here.

The lender said the application had to be re-submitted – that was the lender's process when an applicant wanted a mortgage offer to be valid for a longer period. The lender declined the application, saying this was due to undisclosed credit commitments. An application was made to a second lender which said it wouldn't lend as much as Mr S wanted to borrow. I think it was fair for Suitable Choice to apply to these lenders. It wasn't responsible for the lending decisions made by the lenders.

In his complaint to Suitable Choice, Mr S said *"I understood that the deal which would have paid all my credit cards off was done. Having understood this, I used cards to a degree because I felt there was light at the end of the tunnel. I did that only because of [Suitable Choice's] failed advice and so if the position changed I'm afraid that was due to [it] also."*

In his response to our investigator's view Mr S said he had to borrow more as the impact of the loss of the first mortgage offer had to be prepared for. This contradicts what he said in his complaint (that he borrowed more because he thought the deal to repay his debts was done). Either way, I don't think it's fair to say that Suitable Choice was responsible for Mr S's decision to increase his unsecured debts. It seems this increase in his credit commitments was a major factor in Mr S being unable to re-mortgage.

I'd also note that the mortgage offer issued in July 2022 set out conditions. This included that Mr S had to repay a list of credit commitments (unsecured debts and the help to buy loan) *"in full within 30 days of completion of this mortgage without taking on further borrowing"*. The offer also said the lender can withdraw the offer if information materially changes and the change affects the decision to lend. So, even if the offer had been valid for six months, the lender might have withdrawn the offer if it became aware of Mr S's higher credit commitments.

Mr S took out a new interest rate product with his lender. Mr S says his monthly debt repayments are higher than they would have been if he'd been able to re-mortgage and raise additional funds to consolidate his unsecured debts and repay his help to buy loan. I understand his disappointment. But I don't think Suitable Choice made errors when it gave Mr S mortgage advice. It follows that I don't think it's fair and reasonable to require it to pay compensation to Mr S for the cost of his debts.

Suitable Choice waived its fee (about £450). I don't think it needs to do more.

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 S to accept or reject my decision before 2 October 2023.

Ruth Stevenson
Ombudsman