

The complaint

Mr and Mrs H complain about the service they received from First Complete Ltd trading as PRIMIS Mortgage Network ("PRIMIS") when they applied for a mortgage for their house purchase. In particular, they say their payments are over their clearly expressed budget

What happened

Mr and Mrs H told us that they applied for a mortgage with the support of a broker, PRIMIS, in December 2021. They had a budget of £700 per month for payments, but agreed to stretch this very slightly to £701.66 per month, for a 5-year fixed interest rate term, and an overall term of 35 years. But they said that after they'd completed on their purchase, around the end of April 2022, they found out their payments would be £716.32. The lender said this wasn't a mistake on its part, so Mr and Mrs H complained to PRIMIS.

Mr and Mrs H said that they had also complained about a number of other points - that the bank account details given to their lender to set up the direct debit were wrong; that there were delays during the application process; that they weren't told their named broker contact had actually left PRIMIS; and that there was confusion over documents requested by and provided to PRIMIS because its requests were unclear, and didn't account for what had already been sent.

Mr and Mrs H said, in response to their complaint, PRIMIS accepted that its advisor had been asked by the lender for more information before it could approve a mortgage term of 35 years for them, but the advisor had simply amended the term to 34 years instead of asking them for this information. Mr and Mrs H said they weren't told about this, or sent a revised mortgage illustration to reflect this change.

Mr and Mrs H said PRIMIS also accepted it hadn't requested documentation promptly, and that it no longer had the certified copy of Mr H's ID documentation, which he said was a breach of data protection regulations.

Mr and Mrs H said PRIMIS had offered them £350, but that was nowhere near enough to make up for the monthly payments outstripping their affordable budget. They said they'd be left with a deficit, over 5 years, of £879.60. They thought that PRIMIS should pay this, and compensation of at least the offered £350 on top.

When our service asked PRIMIS about this case, it said it had little to add to its final response letter. It had, as Mr and Mrs H said, accepted that its advisor had amended the term of the mortgage, rather than ask Mr and Mrs H for the evidence the lender would need to approve the original mortgage term. This had resulted in higher monthly payments for Mr and Mrs H. But PRIMIS said the amount of the monthly payments was set out on the offer letter that Mr and Mrs H received. So they did have an opportunity to correct this.

PRIMIS drew attention to the following statement from their lender on that mortgage offer –
"Please check the form and let us know if there are any errors or if it needs any changes as soon as possible. As this information is the basis on which we will make our offer of mortgage, you should not enter into any agreement to purchase if any of

the details are incorrect."

PRIMIS also accepted that its advisor had wrongly keyed in the bank account information for Mr and Mrs H. But it said that this too was on the offer they were sent, so again, they did have an opportunity to correct this. And their bank details were also on a letter confirming the direct debit arrangement had been set up.

PRIMIS accepted that there were a number of delays in the application process. It said one of these was caused by Mr and Mrs H not paying the survey fee right away. They apparently hadn't understood this was due, although the lender's mortgage illustration said this was payable on application.

PRIMIS said that Mr and Mrs H's advisor was leaving, but she continued to work to complete applications which hadn't received an offer.

PRIMIS said that it didn't initially receive any proof of address for Mr H – this should have been obtained at the start, and then the advisor could have alerted Mr H to the need for such proof. PRIMIS also said that there were no copies of Mr H's passport or proof of address on its file. It said it would have expected these to be on the file, and didn't offer Mr H any reassurance about what might have happened to these.

PRIMIS said that Mr and Mrs H had received poor service, but it also had to take into account opportunities they had to correct the bank account details, and the term of the mortgage. It said there was a delay in the payment of the survey fee, but it said the lending was still being underwritten at the time, so this didn't cause wider delays to the application. It didn't think the application was affected by the advisor being in the process of leaving PRIMIS, as the business was still working with her for applications which hadn't been completed. Finally PRIMIS said it understood that Mr and Mrs H weren't asked about a reduction in the mortgage term. It offered £350 in compensation.

Mr and Mrs had replied to PRIMIS, to say they wouldn't accept that, as their detriment would be over £10,000 over the lifetime of the mortgage. PRIMIS said it wouldn't be. They'd worked out a figure over 35 years, but PRIMIS would expect them to remortgage after five years, rather than pay the lender's standard variable rate after their fixed interest rate period ended. They could change the term at that point if they wished. And PRIMIS said that the increased monthly payment was made up of interest and capital. In short, they were paying off their mortgage slightly faster, and PRIMIS thought they would be just over £1,000 further ahead in paying off the capital at the end of five years.

Our investigator didn't think this complaint should be upheld. He said PRIMIS had accepted that its advisor changed the mortgage term without discussing this with Mr and Mrs H. But he said this was all set out on the offer document. This is an important document that Mr and Mrs H ought to have read in full, before signing to accept. And that offer confirms the term was 34 years and the monthly payment would be £716.72.

So our investigator said that PRIMIS made a mistake, but Mr and Mrs H did agree to this legal document which allowed the mortgage to complete.

Our investigator said the reduced term raised Mr and Mrs H's monthly payments by £14.66 per month. He understood that Mr and Mrs H felt they were at a financial loss, but he said they'd actually pay less interest by reducing the term. He said Mr and Mrs H could apply to their lender for a term change if they couldn't afford this extra payment, or they could change the term when the fixed interest rate period ends in five years.

Our investigator thought that the £350 offered was fair compensation for the error made.

Mr H replied, to say that he and Mrs H didn't accept this. They said they were going to be worse off by £943.20 over the five-year term that they were fixed into this mortgage deal. They said they'd been clear to PRIMIS that they could not afford over £701 per month, but PRIMIS amended their mortgage application without asking. They said they weren't made aware of this until it was too late to do anything about it. They felt they were now at risk of losing the property due to failure to keep up with mortgage repayments that they'd made clear at the outset they couldn't afford.

Mr H said our investigator hadn't understood what he'd said - they couldn't afford these payments, and they couldn't afford a term change either. They suggested PRIMIS should pay £943.20 to cover to cover the additional cost over five years, plus £350 as compensation.

Our investigator didn't change his mind. He said that before Mr and Mrs H's lender reached a decision that they could afford this mortgage, it would have checked that that they could afford monthly payments far higher than the additional £14.66 which Mr and Mrs H are paying now. So he said it was difficult for our service to agree that this monthly payment increase would make the mortgage unaffordable. If this was the case, then the mortgage would never have been approved by their lender.

Our investigator also said that some lenders don't charge for a term change and others only charge a minimal fee, so he didn't think this was an unrealistic solution.

Finally, our investigator noted that Mr H said he wasn't told about the increased payments until it was too late to do anything about it. But our investigator reiterated that this was all detailed in the mortgage offer, issued to Mr and Mrs H in early February 2022. Our investigator said this offer would also have been sent to Mr and Mrs H's solicitor, who would have needed to check that Mr and Mrs H had accepted this before the legal work for the mortgage could be completed.

Mr H still didn't agree. He wanted this complaint to be considered by an ombudsman, so it was passed to me for a final decision. I then reached my provisional decision on this case.

My provisional decision

I issued a provisional decision on this complaint and explained why I did propose to uphold it. This is what I said then:

The documents I've seen do recognise that Mr and Mrs H had a budget of £700 per month for repayments, and PRIMIS has accepted that its broker didn't discuss exceeding this budget with Mr and Mrs H before the application was amended. So I agree that a mistake has been made here. But, as both PRIMIS and our investigator have noted, this was set out on the mortgage offer.

The mortgage offer is an important document, and Mr and Mrs H did agree to be bound by what was in that document, when they took up the mortgage offer. So I don't accept that Mr and Mrs H couldn't have been aware of this mistake until it was too late.

Our investigator noted that, before offering to lend this money to Mr and Mrs H, their lender would have wanted to be sure that they could afford to pay considerably more each month than the monthly payments they will now make in the first five years of this mortgage. I think that's right. So, without persuasive evidence on this point from Mr and Mrs H, I don't think it's likely that this additional cost will put their home at risk.

For those reasons, I don't think that PRIMIS has to cover the additional monthly payment that Mr and Mrs H are currently facing, for the first five years of their mortgage.

However, I do think that this does represent poor service, and I note that it's only one of the examples of poor service by PRIMIS in this case. PRIMIS has recognised it caused delays in Mr and Mrs H's application. It made a mistake with their bank account details, which caused problems with setting up their direct debit. And it has simply stated, rather baldly, that Mr H's certified copies of ID documents are not on the file, where they should be. It hasn't said what happened to these.

I have considered the above carefully, and I don't think that the offer of £350 which PRIMIS has made to Mr and Mrs H reflects the extent of its service failings in this case, and the impact those will have had on Mr and Mrs H, at what was already a stressful time.

I think that a payment of £600 would provide a fair and reasonable outcome to this complaint, and that's what I currently propose to award.

I invited the parties to make any final points, if they wanted, before issuing my final decision. Both sides replied.

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 H replied to accept. PRIMIS sent a detailed response, objecting.

PRIMIS said it thought I'd mainly agreed with the investigator, and it thought my only reason for raising the compensation amount from its initial offer was that it had said it couldn't see Mr H's copy documentation on the PRIMIS system. It said that I'd noted its final response letter was "*rather badly*" stated.

PRIMIS went on to provide an explanation of what it thought had happened to Mr H's identity documents. Before I set that out here, so that Mr H can see it, I should note that my provisional decision above records there were a number of service failings, in addition to the change in term which our investigator focussed on. I mentioned the delays PRIMIS caused, the mistake over Mr and Mrs H's bank account details, and the lack of any explanation for Mr H's missing identity documents (where I think PRIMIS may have misread my comments – the original appears above). So I don't accept that the sole reason for increasing the amount of compensation payable in this case is because PRIMIS had failed to reassure Mr H that important identity documents hadn't been lost.

PRIMIS went on to explain that its broker should have uploaded copies of Mr H's documentation onto its system. That hadn't been done, but the broker would have their own system which may have copies. PRIMIS said it understood that originals would be placed in locked disposal bins, to be shredded offsite. PRIMIS also said that the broker's privacy policy was available to Mr and Mrs H to read, and this is also mentioned on their mortgage illustration. So PRIMIS said that if Mr H had thought the letter he received referred to the broker's system, then that was not what the letter said.

I can see the letter accepted Mr H should have been asked for identification documentation earlier in the process, then said "*I have accessed your archived file in order to conduct this investigation, however there are no copies of Mr H's passport or proof of address, which I would have expected to be there.*" Mr H then expressed concern about where the hard

copies of his certified identity documents had ended up, if they were not filed as PRIMIS would have expected. I think it was reasonable for him to be concerned about this.

PRIMIS said it recognised that its adviser had changed the term of the mortgage from 35 years to 34 years, because the lender had asked for evidence of income continuing into the 35th year of lending. But PRIMIS said Mr and Mrs H hadn't then offered any such proof, so it thought that they would always have accepted this shorter term anyway, even if they had been consulted about this. And PRIMIS said that their additional payments now would put them in a better position once they reached the end of their fixed interest rate period. So PRIMIS said, in that sense, there was no financial loss.

I don't think we can simply assume, because Mr and Mrs H didn't offer evidence of income once any such evidence was too late to affect the outcome of their mortgage decision, that they wouldn't have been able to offer such evidence if they were asked earlier.

PRIMIS went on to question the amount of my award, with reference to information available on our service's website, and said it felt that the increase I'd proposed, of £250, could not be substantiated. PRIMIS repeated that it thought I'd only increased the award by this amount because its letter didn't explain fully what it meant when it said it couldn't see copies of Mr H's documentation on its system.

I've explained above that this isn't the sole reason for the increased compensation in this case. I didn't, in my provisional decision, discuss in detail the other mistakes that had been made in this case, because I felt that PRIMIS had, in essence, largely accepted those mistakes in its letter of 15 June 2022. That letter accepted that the mistake in the bank details originated with its broker. It accepted that delays were caused because Mr and Mrs H weren't asked for key documentation at the start. And it accepted that its broker had amended Mr and Mrs H's application, not only entirely without their approval or knowledge, but also without the revised mortgage illustration which could have alerted them to this change. My decision focussed more on the one issue in that letter I didn't think PRIMIS had yet accepted, that its letter then also caused further concerns, because of some rather unfortunate phrasing around what had happened to Mr H's identity documentation.

I still think that there has been a series of errors in this case, and that for all the reasons set out above, the compensation amount that PRIMIS suggested isn't the right amount to recognise the impact of this series of errors upon Mr and Mrs H. So I haven't changed my mind. I'll now make the decision I originally proposed.

My final decision

My final decision is that First Complete Ltd trading as PRIMIS Mortgage Network must pay Mr and Mrs H £600.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H and Mrs H to accept or reject my decision before 9 June 2023.

Esther Absalom-Gough

Ombudsman