

## **The complaint**

Mrs G and Mr S complain about the advice and service they got from CMME Mortgages and Protection Limited trading as CMME in relation to their mortgage application.

## **What happened**

CMME is a mortgage broker. In 2022 Mrs G and Mr S were planning to relocate. In late April, when their plans were at an early stage, they sought CMME's advice about options for their mortgage arrangements.

CMME gathered some information from Mrs G and Mr S. It made some enquiries about the deals that might be available to suit their budget based on their financial circumstances, their mortgage requirements and their wish to consolidate their debt. It discussed its initial findings about possible deals with Mr S.

In early May 2022 Mrs G and Mr S had an offer accepted on a property they wanted to buy. CMME agreed to go ahead and look at their mortgage options. It identified a lender, that I'll call Lender A, as the most suitable.

Mrs G and Mr S asked for an agreement in principle (AIP) which CMME requested in early June. Lender A declined to provide one. It didn't explain why. But when Mrs G and Mr S contacted it direct it said, broadly, their debt-to-income ratio was too high, and their application had been declined in line with its policy.

Mrs G and Mr S agreed CMME should approach another lender it had identified as suitable, that I'll call Lender B, to see if it could provide an AIP. Although Lender B was their existing lender, it also declined the request, this time based on their credit score.

Mr S discussed with CMME how to improve his and Mrs G's credit situation. They took action to reduce their level of debt. But they were concerned any action would take time to show on their credit files. And they were worried about losing their sale and purchase.

Mrs G and Mr S raised concerns about the actions of CMME. They said it ought to have known their applications would fail and should have advised them at the outset to improve their credit score. They said the amount they could afford to borrow went down and the interest rate they could get went up due to CMME's actions and delays. That impacted their plans to extend the property they were buying and increased their cost of borrowing. And they were unhappy CMME had declined to do any more work for them. They felt CMME should compensate them for the approximately £20,000 they were no longer able to borrow and the additional interest of around £11,000 they'd pay because of the delays it caused.

CMME didn't uphold their complaint. It said it had given Mrs G and Mr S appropriate advice and taken appropriate steps. It had no reason to think the requests for an AIP would be declined when Mrs G and Mr S had met initial affordability requirements. It said lenders don't issue criteria relating to debt-to-income criteria. And CMME had been right not to carry out any further work, as carrying out credit checks risked making Mrs G and Mr S's position worse.

Since Mrs G and Mr S didn't agree, they brought their complaint to the Financial Ombudsman Service. As we've been looking into things they've told us they managed to get a mortgage offer from Lender B direct. And they were able to borrow more than they'd thought by making some small adjustments to their application with Lender B's help. Mrs G and Mr S say CMME failed to tell Lender B they were existing borrowers. They'd relied on CMME's advice to wait until their credit file had updated before taking further action to get a mortgage. And they'd delayed approaching Lender B. That additional delay meant their new mortgage was more expensive as interest rates had gone up.

Our investigator didn't think CMME had done anything wrong. He said, broadly, brokers don't have access to lenders' full criteria and policies, which can change at any time in any event. CMME sourced suitable mortgages based on the information available to it at the time. It wouldn't have known from the outset the applications would be declined. And CMME wasn't responsible for causing any delays. Since Mrs G and Mr S didn't agree, their complaint's been passed to me to decide.

### **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'm grateful for the detailed information the parties have provided. I won't set it all out here. No discourtesy is intended by that. It simply reflects the informal nature of the service we provide. I'd reassure the parties I've considered everything they've said. I'll focus here on what I consider key in coming to my decision.

I can understand it was disappointing for Mrs G and Mr S when CMME was unable to secure an AIP and that it caused them some distress as they were trying to progress their sale and purchase. But, whilst I understand they'll be disappointed, I've come to the same outcome about their complaint as our investigator for similar reasons, as I'll explain.

CMME's role, broadly, was to advise Mrs G and Mr S about suitable mortgages based on their individual needs and circumstances in line with relevant Financial Conduct Authority rules. CMME acted appropriately by gathering some initial information about their income, expenditure and debts and checking their preferences. Mr S said they wanted to pay off their debts at completion rather than before making an application. It was reasonable for CMME to make enquiries on that basis.

CMME told Mr S that to get an AIP it would need to ensure their credit score and credit history were suitable. It suggested Mrs G and Mr S upload to its portal credit reports from the credit reference agencies (CRAs) lenders usually use. That would avoid CMME carrying out searches that would leave a footprint on their credit file and potentially affect their application.

Mrs G and Mr S say they could have reduced their debts at the outset but were advised not to by CMME. I haven't seen any record of CMME giving that specific advice. It told Mrs G and Mr S later it would have suggested reducing the level of debt if they'd felt it would cause a problem. But CMME says it was satisfied there were no adverse entries or missed payments appearing on the credit reports Mrs G and Mr S had submitted. Mrs G said in correspondence with CMME that she and Mr S had good credit scores. I'm not aware of anything in the reports that ought reasonably to have alerted CMME then that they would affect a mortgage application. So, it wasn't unreasonable for CMME not to advise Mrs G and Mr S to take action to improve their credit scores even if that had been possible. And it wasn't what they wanted to do in any event. I note Lender B told Mrs G and Mr S later there was no need for them to have cleared down their debts before applying direct. That supports

the view that any failure by CMME to advise them to do so at the outset wasn't wrong.

CMME has explained it used industry search engines to source suitable mortgage products and check that Mrs G and Mr S's situation met lending criteria. It identified Lenders A and B as potential lenders, with Lender A being the most suitable. And it ran checks using the lenders' on-line calculators to see if Mrs G and Mr S would be eligible on affordability grounds. The process CMME used is commonly used by brokers. It was reasonable for CMME to approach the search for suitable mortgages for Mrs G and Mr S in this way. And the steps CMME took were in line with the information it gave Mrs G and Mr S at the outset that it could search the market and may be able to access deals they couldn't access; but that if Mrs G and Mr S approached lenders direct they might be able to access deals CMME couldn't get for them.

CMME has told us affordability checks with some lenders failed. I don't think that would have alerted CMME to a potential issue with Mrs G and Mr S's level of debt or credit score in relation to their applications with Lenders A and B. That's because different lenders have different affordability requirements. It wasn't unreasonable for CMME to think it would be able to get an AIP when the affordability checks with Lenders A and B had been successful.

Lenders A and B publish guidance for their brokers about their lending criteria. But, from what I've seen, Lender A doesn't provide information about its policy on what's an acceptable level of debt to meet its policy on debt risk. And Lender B doesn't set out the detail of how it calculates a credit score. I don't think that's unusual. This sort of detailed criteria information is commercially sensitive and can change from time to time depending on factors such as the economic climate and a lender's current appetite for risk. Since CMME didn't have access to it, it couldn't reasonably anticipate either lender would decline to issue an AIP on the grounds they did.

Even when it declined the AIP request, Lender A didn't tell CMME why. Mrs G and Mr S spoke to Lender A direct. They reported to CMME that Lender A had said it could give them more information for the decline than it could give to CMME. It only said then it had declined the request based on its policy relating to debt risk. CMME's request for an AIP to Lender B came back as a credit score decline without further explanation. This supports CMME's position that it didn't have access to lending criteria Lenders A and B relied on to decline the requests.

Based on evidence I've seen, CMME completed the AIP requests using the right information. Mrs G and Mr S have suggested it failed to let Lender B know they were existing lenders and that that would have made a difference to them getting an AIP at the time. CMME told Mrs G and Mr S it would tell Lender B that. And the evidence they've provided suggests it did, as the result bears an account number. But even if I'm wrong about that, I don't think it affects the outcome of this complaint, as I'll explain.

Although Mrs G and Mr S were able to get a mortgage offer from Lender B direct, it doesn't mean CMME would have been successful in doing so, even if it had managed to get an AIP. AIPs are issued subject to a full application being made when lenders will consider detailed financial information and apply lending criteria that may have changed since the AIP was issued. Although Mrs G and Mr S were able to get an offer from Lender B in the end, they applied direct, at a different time and made adjustments to their application. It doesn't follow that CMME ought to have succeeded in making that application on their behalf.

There was no obligation on CMME to coach Mrs G and Mr S on how to improve their application when Lenders A and B declined to provide an AIP. I think CMME acted fairly. It offered to check the information that had been submitted to the lenders was correct. I'm not aware Mrs G and Mr S agreed to that. CMME discussed other possible action with Mrs G

and Mr S. The adviser said she couldn't say how best to improve their situation as the lenders hadn't given any guidance. And she suggested they contact the credit reference agencies for advice on how to improve their credit score. I'm not aware they did that. It was Mrs G and Mr S's decision to take action to reduce their level of debt straight away.

CMME didn't refuse to take any further action for Mrs G and Mr S. It said carrying out any further credit checks might adversely affect their credit file and make their position worse. So, I think it had their best interests in mind.

I can't see any substantive delays caused by CMME. After the AIP requests were declined, CMME did say Lender B ran an automated process and that contacting them might not help their application unless Mrs G and Mr S's circumstances changed. I appreciate they felt the action they'd taken to clear some debt and updates to their credit file would help their situation and decided to wait until the updates had taken effect. But CMME didn't advise that would make a difference. And within a couple of weeks Mrs G and Mr S had told CMME they planned to deal with their mortgage application themselves. They could have approached Lender B at that stage, as they had Lender A.

Bearing everything in mind, whilst I understand Mrs G and Mr S will be disappointed, I don't think it's fair to hold CMME responsible for the losses Mrs G and Mr S have incurred. So, I don't uphold their complaint.

### **My final decision**

For the reasons I've explained, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs G and Mr S to accept or reject my decision before 19 October 2023.

Julia Wilkinson  
**Ombudsman**