

The complaint

Miss Y complains that Mortgage Light Ltd (“ML”) caused unnecessary delays in connection with her mortgage application.

What happened

Miss Y says ML caused delays to her Help-to-Buy (“HTB”) mortgage application. She complains that this led to the interest rate on her mortgage being higher than it would have been if the mortgage application had been decided sooner.

ML accepts that it caused some avoidable delays, but it doesn’t think it was responsible for Miss Y missing out on the interest rate she wanted. However, to reflect its mistake it offered to refund the £349 mortgage application fee Miss Y paid.

Miss Y remained unhappy and raised a complaint with the Financial Ombudsman Service.

Our investigator looked into the matter. He thought that in broad terms ML was responsible for a six week delay in Miss Y getting the mortgage she wanted although it would have always needed some time to ask Miss Y for the information and send it on to the mortgage provider. In the circumstances he thought ML’s offer to refund her mortgage application fee was fair and reasonable.

Miss Y remained unhappy. She asked for her complaint to be reviewed by an ombudsman, so it has been passed to me to decide.

For completeness I will say here that I can see that Miss Y has also made a complaint about the lender. She thinks the lender was also responsible for delays. That matter is being considered by us separately in another complaint.

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.

Having done so, I’ve reached the same conclusion as our investigator. I’ll explain why.

Miss Y applied for a mortgage in early 2022. In February 2022, the mortgage provider offered to give Miss Y a mortgage for £151,875 plus fees. The interest rate was fixed at 1.44% for two years.

After that Miss Y changed her mind and decided she wanted to buy a different property. In May 2022 ML was asked to continue with her mortgage application but apply it to the new property. Miss Y wanted to borrow £176,250.

The mortgage provider didn’t think Miss Y could afford to buy the second property, so it declined Miss Y’s mortgage application on 18 May 2022.

Miss Y decided to appeal the mortgage provider’s decision. She needed to provide additional information to the mortgage provider about her income. Miss Y provided ML with the information at the end of June 2022 and ML provided it to the mortgage provider a few

days later. The mortgage provider asked some more questions after that, and the mortgage application was approved around a month later - in early August 2022. The mortgage provider issued the mortgage offer later that month.

Miss Y completed her property purchase in October 2022.

ML would have needed some time to get the information it needed from Miss Y and pass it on to the mortgage provider. However ML accepts it shouldn't have taken it so long to ask Miss Y for the information required for the appeal. ML has apologised for that, accepting that around six weeks was an unreasonable amount of time. Miss Y also blames ML for another week of delays. There's no doubt that the delays ML caused contributed to the fact that the mortgage application wasn't approved until August 2022. The question I need to consider was whether I think it's likely that Miss Y would have been in a position to complete her house purchase by 29 July 2022 (the date the February 2022 offer containing the 1.44% interest rate product expired). That's because Miss Y had hoped to take advantage of the 1.44% interest rate attached to that offer and apply it to the mortgage for £176,250. But she needed to complete her house purchase by 29 July 2022 to do that.

Miss Y has told us that if she'd known she had to complete by 29 July 2022 to get a better interest rate she would have made sure that happened. She says the relevant property was ready for occupation at that time. But she didn't rush to complete the purchase, as she didn't think she needed to.

I appreciate Miss Y's point of view. But I think it's unlikely that Miss Y would have been able to complete her house purchase by 29 July 2022 even if she had decided to prioritise that. There were approximately ten weeks between the time the mortgage provider declined her mortgage application in mid-May 2022 and 29 July 2022. To complete in that period Miss Y would have needed to provide the extra information the mortgage provider required in connection with the appeal, wait for the new information to be considered and assessed by the mortgage provider (ML says it took the mortgage provider ten days to review documents after each request around that time), get a valuation for the property (in this case it took the mortgage provider two weeks to do that), change her solicitor details and complete all other necessary processes to purchase the relevant property (e.g. complete legal searches). Miss Y has also told us about delays caused by her solicitor and a two week delay by her mortgage provider in August 2022. So I've also taken into account those factors too.

I can see from what Miss Y has already told us that she broadly accepts that it's unlikely that she would have been able to complete her house purchase by 29 July 2022. But she's still unhappy about what happened.

For completeness, I also think it's helpful for me to say here that if Miss Y had tried to complete her house purchase by 29 July and realised she wasn't going to achieve that, she would have been required to select a new interest rate product at that time. On 7 July 2022, Santander changed the product range it offered and introduced the interest rate product Miss Y selected in connection with the August 2022 offer. So Miss Y wouldn't have been able to select a lower interest rate with the mortgage provider unless she'd asked for a new interest rate product before 7 July 2022. I think it's unlikely that she would have done this. That's because to have done this Miss Y would have needed to accept that she wouldn't meet the 29 July 2022 deadline before 7 July 2022. I'm also conscious that the mortgage provider has said it would usually only offer a new interest rate product in the week before a previous product was due to expire.

So while I appreciate that Miss Y is likely to be disappointed by this decision, I don't think it would be fair and reasonable for me to hold ML responsible for the fact that Miss Y wasn't able to get a mortgage with an initial fixed interest rate of 1.44% with her £176,250

mortgage. In the circumstances I think ML's offer to compensate Miss Y for its delay by refunding the £349 mortgage application fee Miss Y paid is fair and reasonable. £349 is in line with what this service would say is reasonable for mistakes that have had a moderate impact on a consumer.

Putting things right

I think the offer ML has made to refund the £349 mortgage application fee Miss Y paid is fair and reasonable. To put things right it should pay her this money if, it hasn't already done so.

My final decision

For the reasons set out above, I require Mortgage Light Ltd to refund the £349 mortgage application fee Miss Y paid, if it hasn't already done so.

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

Laura Forster
Ombudsman