

## **The complaint**

Miss D complains she missed out on a fixed interest rate deal with her lender when she applied to re-mortgage through her mortgage broker, Angela Morton Ltd.

## **What happened**

Miss D's fixed interest rate deal for her mortgage was due to expire at the end of October 2022. In mid-August she approached Angela Morton Ltd (AML) about finding a suitable new mortgage. At the beginning of September AML told Miss D about deals that were available and suggested she stay with her existing lender. They sent Miss D some paperwork for her to complete and return.

In mid-October Miss D got a letter from the lender telling her the mortgage was due for renewal. She queried it with AML who said it was an automated letter and asked if she'd received an acceptance form and returned it. Miss D told them she'd signed and returned everything she'd received. At the beginning of November Miss D found she was paying interest at the lender's standard variable rate, not the fixed rate she thought she'd put in place through AML.

AML contacted the lender to see what had happened. The lender said the acceptance form hadn't been sent to it in time. It wouldn't agree to lend at the rate Miss D had applied for - it would only offer a higher rate.

Miss D complained about the service AML had provided. She said she'd returned all the paperwork AML had asked her to; she'd checked with AML on progress; and she'd then been told the deal had expired. She blamed AML for missing out on the rate she wanted.

AML didn't uphold the complaint. They said, in summary, they'd completed the product transfer submission on 8 September 2022 and sent the paperwork out to Miss D in the post; the Mortgage Illustration and Contract Variation Offer (the mortgage documents) had set out clearly the date by which they had to be signed and returned; they didn't receive any documents from Miss D until mid-October; she'd signed some of the documents on 21 September, outside the deadline, but she hadn't signed the mortgage documents at all.

Miss D didn't accept AML's response and brought her complaint to the Financial Ombudsman Service. She said AML had sent paperwork in the post during a postal strike and an alternative should have been offered; AML hadn't followed up on paperwork that they hadn't received back until after 17 October; she'd never confirmed receiving documents from the lender as she wasn't expecting any – there'd been a change in process that AML hadn't told her about; the lender had told AML on 18 October they were awaiting documents for signing that had been sent on 8 September and AML should have been dealing with it. Miss D said she'd contacted an alternative adviser to arrange another mortgage with a higher rate of interest. She wanted AML to meet the difference in interest she will pay over the term of the mortgage of around £3,700.

Our investigator said AML hadn't been under any obligation to contact Miss D between sending out the documentation, in early September, and mid-October. But he thought they

should have contacted her after that to check her plans for applying for a fixed rate. And he said it was fair for AML to pay her compensation of £150 for the distress and inconvenience she was caused. AML accepted our investigator's view, but Miss D didn't agree. Since the complaint hasn't been resolved, it'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've noted all the points and information the parties have helpfully provided. I may not mention them all here. No discourtesy is intended by that. It simply reflects the informal nature of the service we provide. I'll focus on what I consider key in coming to my decision.

I appreciate Miss D's strength of feeling about her complaint. I can understand it was disappointing she didn't get the interest rate product she was hoping for and that her mortgage is more expensive as a result. However, whilst I understand she will be disappointed, I've come to the same outcome as our investigator for similar reasons.

In broad terms, Miss D's application to switch her mortgage to a new fixed term interest rate product with her existing lender didn't succeed because she didn't accept the offer in time. And by the time AML discussed things with the lender, it wasn't willing to honour the rate.

AML were advising Miss D on the suitability of the mortgage product and arranging it for her. The parties agree AML sent Miss D several documents dated 8 September. AML say they sent them to Miss D on that day. Miss D doesn't remember exactly when she received them but thinks it would have been within a few working days of then. The documents included the mortgage documents which Miss D needed to sign and return to AML.

The timeframe for signing and returning the mortgage documents within seven days of 8 September was clearly short. But it was fixed by the lender, so AML can't be held responsible for that.

AML have explained it's their practice to post documents that require signing to avoid problems with receipt/reading/printing documents sent by email. They say they clip together all the forms that need to be signed and mark them with a large sticky note asking their customers to sign all the documents enclosed and return them as soon as possible in the stamped addressed envelope they provide.

I think AML could have been more helpful in explaining to Miss D the urgency of returning acceptance of the mortgage offer to them. But, on balance, I think Miss D ought reasonably to have understood what she needed to do without AML providing a clearer explanation. I'll explain why:

- The suitability report set out clearly under the heading "Mortgage Offer" that the offer would set out the terms and conditions, she should read it carefully and it would only remain valid for a limited period of time.
- The lender's letter enclosing the mortgage documents said Miss D's *broker* needed to return those documents *signed* via the scan and upload facility on their system.
- The Contract Variation Offer said under "Offer Period" that the offer was valid for seven days unless the lender agreed to extend it. And under the heading "Acceptance of the Offer" it said Miss D had to sign and return the agreement within seven days, failing which the offer would be withdrawn.

Given the importance of the mortgage documents, it's reasonable to expect Miss D to have read them. If she had, I think she ought reasonably to have understood she had to sign and return the mortgage documents to AML for them to submit to the lender - and the timeframe for doing so. The lender's documents were sufficiently clear. I don't think AML were required to provide any additional clarification.

I note Miss D's point that AML should have told her the application process had changed from a previous application she'd made. AML say the process hadn't changed and Miss D is confused about that. Whatever the position, I don't think it affects the outcome of this complaint. The process that needed to be followed here was explained in the mortgage documents, as I've mentioned.

I've noted Miss D's concerns about postal strikes affecting her communication with AML and that no alternatives were offered. If she was concerned about not being able to return the offer in time, it's reasonable to think she would have contacted AML to discuss other options. But she doesn't seem to have taken any action until around 21 September since that's the date that appears on the documents she returned to AML signed. That was already outside the seven-day acceptance period. And it wasn't until mid-October she contacted AML about the progress of her application.

I note Miss D's concerns AML didn't chase her to return the paperwork. They've explained it's not their business practice to chase their clients since some change their minds and go elsewhere or decide to deal directly with the lender. I don't think that's unreasonable or that AML's role required them to follow up with Miss D. They'd advised on a suitable deal; they'd sent Miss D the documents she needed; and the documents explained she needed to sign and return acceptance of the offer within the time limit.

Although AML could have checked in with Miss D to see if she needed assistance, on balance, I think responsibility for returning the signed offer in time rested with her. And even if AML had contacted Miss D, and she'd sent the signed offer back sooner, there's no guarantee AML would have been successful in persuading the lender to honour the rate once the seven-day acceptance period had passed.

AML followed up with the lender promptly once Miss D had contacted them at the beginning of November. Unfortunately, the lender wouldn't agree to her having the deal they'd originally offered. I can understand it was upsetting for Miss D to find out she was on a higher interest rate than she was expecting. And I think AML could have done more to discuss what Miss D wanted to do and manage her expectations when they'd received the incomplete paperwork. In the circumstances, it's fair AML compensate Miss D for the distress and inconvenience she suffered at that point. I think the £150 our investigator recommended is reasonable compensation.

I appreciate Miss D feels AML should also compensate her for the additional interest she will pay under the mortgage she managed to arrange with another lender. But since I don't think that AML treated her unfairly or acted unreasonably overall, I don't think it would be fair to ask AML to do that.

### **Putting things right**

AML should pay Miss D compensation of £150 for the distress and inconvenience she suffered following their failure to contact her after she'd returned the incomplete paperwork.

### **My final decision**

I direct Angela Morton Ltd to pay Miss D £150 compensation for distress and inconvenience.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss D to accept or reject my decision before 27 November 2023.

Julia Wilkinson  
**Ombudsman**