

## **The complaint**

Mr B and Mrs M complain about the service Mortgage Advice Bureau Limited (MAB) provided when they were arranging a mortgage for them. They say MAB caused their house purchase to fall through. And they had to buy a more expensive property with a different mortgage at a higher rate of interest and on less favourable terms.

## **What happened**

In November 2021 Mrs M approached MAB about arranging a mortgage for her and Mr B. MAB recommended a lender that met Mr B and Mrs M's requirements. They issued a decision in principle (DIP) which was valid until mid-March 2022. MAB submitted a mortgage application to the lender they'd recommended.

Mrs M contacted MAB in January 2022. She let them know their transaction had fallen through. Mr B and Mrs M had found a new property they wanted to buy. Mrs M asked MAB to send them a copy of the DIP, to evidence the loan amount, which they sent in early February.

In early April the lender issued an offer relating to the property they'd originally wanted to buy. Mr B and Mrs M lost their purchase of the new property as the seller decided to sell to other buyers. So as not to lose the buyer of their existing property, Mr B and Mrs M bought another property with a mortgage from a different company.

Mr B and Mrs M were unhappy with the service MAB had provided. They said there had been poor communication throughout and the advice they'd provided had been wrong. MAB had failed to pass on information to the lender, which had led to them issuing a mortgage offer for the wrong property. That had led, in turn, to the seller pulling out. So as not to lose their sale, they'd had to buy another, more expensive property. And they'd had to borrow elsewhere at a higher interest rate and on less favourable terms, since the lender would no longer give them a mortgage on grounds of affordability.

MAB acknowledged they'd provided poor service and offered Mr B and Mrs M £100 compensation to put things right. Mr B and Mrs M felt MAB should compensate them for the losses they'd incurred in losing the purchase. Since MAB didn't agree, Mr B and Mrs M brought their complaint to the Financial Ombudsman Service.

Our investigator agreed Mr B and Mrs M should be paid higher compensation for the distress and inconvenience they'd suffered. She thought £350 was fair. But she didn't think MAB could be held responsible for Mr B and Mrs M losing their purchase and lender. Since Mr B and Mrs M didn't agree, their complaint was passed to me to decide. I recently issued a provisional decision, an extract of which follows:

### **“What I've provisionally 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 sorry to hear of the problems Mr B and Mrs M had in relation to their property transaction. I can understand it will have been a stressful time for them both. I'm grateful for all the information the parties have provided. I won't set it out in detail here. No discourtesy is intended by that – it simply reflects the informal nature of the service we provide. I'd like to reassure the parties I've taken everything they've said into account in coming to my decision.

For the reasons I'll explain, I've come to the same outcome as our investigator. Since my reasons are different in part, I'm issuing a provisional decision to give the parties time to respond before I issue a final decision.

MAB accept Mr B and Mrs M told them in January they'd lost the property they were buying then. But they say they didn't know the details of the new property until April. They refer to an email Mrs M sent then in which she provides the property details and asks MAB to hold off contacting the estate agents. They say if they'd had the details sooner they'd have got on with a new application at the time.

Mrs M says she told MAB over the phone in January there was a new property and provided the details then. She and Mr B had received the estate agent's memorandum of sale by then and they let their solicitors know they'd found a new place, although I'm not aware they gave them the details at the time. It seems likely they would have told MAB about the new property at the same time, even if they didn't provide full details.

MAB have explained they didn't let the lender know the purchase of the original property had fallen through in January to avoid the application being cancelled. They thought by providing the details of the new property when they were available, they might be able to keep the interest rate deal for Mr B and Mrs M.

The lender's explained that a change of property would have required a change to the mortgage application. Mr B and Mrs M would have had to select a new rate from those available at the time. The existing rate would only have been honoured if they had lost the property through no fault of their own, but that was at the manager's discretion.

I can understand it was distressing for Mr B and Mrs M when they received an offer for the wrong property. And I can appreciate the seller may have pulled out because they weren't ready to go ahead. But I can't be sure Mr B and Mrs M would have been able to proceed, even if MAB had updated the lender about the property. That's because there's no guarantee their mortgage application to borrow against the new property would have succeeded, or if it had, whether the deal the lender offered would have suited them.

I appreciate that by the time Mr B and Mrs M made a new application to the lender, in relation to a different property, interest rates had gone up and the lender declined their application on grounds of affordability. But MAB couldn't have anticipated that would happen any more than Mr B and Mrs M could. I understand Mr B and Mrs M didn't want to lose the buyer they had for their property. But it was their choice to buy a more expensive property. It's too speculative to hold MAB responsible for the additional costs they incurred.

Bearing everything in mind, I don't think it's fair and reasonable to ask MAB to compensate Mr B and Mrs M for the costs associated with losing the purchase or their additional costs of borrowing.

Mrs M's told us she engaged MAB to help with the mortgage application which she would otherwise have handled herself, because of health issues. And she says she'd made MAB aware of those. I've no reason to doubt that. In the circumstances, it's reasonable to think MAB would have taken care to manage her and Mr B's expectations about the application process.

Mr B and Mrs M agreed to communicate with MAB by email, phone, text and face to face. It was reasonable for them to expect MAB to respond reasonably promptly, however they chose to communicate.

MAB have accepted they should have communicated with Mr B and Mrs M more often. I agree. For example, from what Mrs M's told us and the information I've seen, MAB delayed sending a copy of the DIP Mrs M asked for at the end of January; they failed to respond to texts and emails in a timely way; and MAB's notes suggest calls to their mailbox may not have been recorded if their mailbox had been full - Mrs M says that's what happened.

MAB should also have managed Mr B and Mrs M's expectations more carefully bearing in mind Mrs M's health and their mortgage requirements. For example, MAB ought to have explained the possible impact on the mortgage application of losing the purchase in January 2022; in early February, when Mrs M chased for a copy of the DIP, Mrs M mentioned her concerns about interest rates going up, but there's no evidence MAB responded to those; and when Mrs M rang about extending the DIP in March 2022, MAB ought to have explained the impact of that, if any, given she'd understood an extension would be possible.

Bearing the above in mind, the five months or so over which MAB managed Mr B and Mrs M's mortgage process poorly, and the impact on Mrs M given her health, I think the £350 our investigator recommended is fair compensation for the distress and inconvenience she and Mr B suffered as a result of MAB's actions.

### **My provisional decision**

I intend to direct Mortgage Advice Bureau Limited to pay compensation of £350 to Mr B and Mrs M for distress and inconvenience."

### **Developments**

MAB accepted my provisional decision.

Mrs M made some comments, for which I'm grateful. She didn't feel my provisional decision was fair. She felt the compensation didn't fairly reflect the stress and time she'd spent dealing with things or the impact of MAB's actions, as well as the change in interest rates.

Mrs M felt MAB had been incompetent, and not just responsible for failures in communication. And she said the provisional decision failed to take into account certain points, which I'll summarise:

- The lender was chasing MAB for information from November 2021 but didn't receive it until April 2022
- MAB were given details of the property over the phone but failed to act on that information
- MAB didn't appreciate a change of address would affect the mortgage offer
- The fact Mr B and Mrs M got an offer for the wrong address highlighted MAB's incompetence
- The lender was treating Mrs M as a vulnerable customer
- The lender told Mrs M their later application wasn't declined on grounds of affordability.

## **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 appreciate Mrs M's strength of feeling about what happened. I've acknowledged things were stressful for her and Mr B, and I've noted Mrs M's personal circumstances. As I explained in my provisional decision, I haven't mentioned everything the parties have said due to the informal nature of the service we provide. I've focused on what I consider key in coming to my decision. But I've taken everything the parties have said into account, including the points Mrs M's concerned I've overlooked.

I note Mrs M's concerns about MAB's abilities in handling the application. I acknowledged in my provisional decision they'd mismanaged things. And I gave examples of that. It's the impact of how MAB acted, whether through incompetence as Mrs M believes or poor service, that determines how to put things right.

For the reasons I explained in my provisional decision, I can't be sure Mr B and Mrs M would have been able to proceed, even if MAB had updated the lender about the new property. That's the case even though I note the lender told Mrs M their later application didn't fail on grounds of affordability as MAB's records had suggested. I can't be sure the lender's lending criteria for the new property would have been met in full or that the lender would have offered terms that suited Mr B and Mrs M.

I said MAB couldn't have anticipated interest rates would have gone up any more than Mr B and Mrs M could have done. And it was too speculative to hold MAB responsible for the additional costs Mr B and Mrs M incurred in buying the property they went ahead with in the end. I'm not persuaded to change my mind about that. So, the compensation I think is fair doesn't take those additional costs into account.

Bearing the above in mind, whilst I understand Mr B and Mrs M will be disappointed, I still think compensation of £350 is fair and reasonable. It reflects the poor service MAB provided - including the examples I gave in my provisional decision and the other evidence I've seen. And it takes account of Mr B and Mrs M's circumstances and the impact of MAB's actions on them.

## **Putting things right**

Bearing all of the above in mind, I think Mortgage Advice Bureau Limited should pay Mr B and Mrs M £350 compensation.

## **My final decision**

I direct Mortgage Advice Bureau Limited to pay compensation of £350 to Mr B and Mrs M for distress and inconvenience.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B and Mrs M to accept or reject my decision before 14 July 2023.

Julia Wilkinson  
**Ombudsman**