

The complaint

Mr G and Miss L complain that their broker, Personal Touch Financial Services Ltd trading as PRIMIS Mortgage Network ("PRIMIS") didn't tell them they needed to make a fresh mortgage application for a new property, causing delays and higher monthly costs.

What happened

Mr G and Miss L wanted to purchase a home, and they asked PRIMIS for help with their mortgage. PRIMIS secured a decision in principle ("DIP"), and then a mortgage offer for them, on the first house they tried to buy (Property 1). The mortgage offer had a fixed interest rate period of 60 months, at 1.59%.

Mr G and Miss L changed their minds about Property 1 after seeing the survey report, and withdrew their offer to buy. Their solicitor told their lender they weren't going ahead with this purchase, the lender then confirmed this with the broker, and their mortgage application was withdrawn.

Mr G and Miss L say they weren't told this at the time. They'd understood the mortgage offer could be transferred, or ported, to a different property. They kept looking, and it was only some days after they found another house (Property 2), that they discovered they would need to apply again.

Mr G and Miss L said if they'd been told earlier that their first mortgage offer had been entirely closed down, they would have obtained a new DIP promptly, and secured the best rate they could get at the time. They said they ended up paying much more for their mortgage because of the delay – around £300 per month more than they were expecting under the first offer they received. They wanted PRIMIS to pay the difference between what they're paying now, and what they expected to pay under the rate quoted on their first offer.

Mr G and Miss L have offered the following timeline of events –

- 19 April 2022 – Withdrawal of Offer to Buy on Property 1.
- 13 May 2022 – Offer on Property 2. Mr G and Miss L have shown us an email from their brokerage sent on this date, containing the original DIP to support their offer on Property 2.
- 14 May 2022 – Verbal confirmation that offer on Property 2 had been accepted.
- 17 May 2022 – Written confirmation that offer on Property 2 was accepted.
- 9 June 2022 – Broker informs Mr G and Miss L that their first mortgage offer has been closed down. They said their first lender confirmed it was the broker's responsibility to tell them this.
- 27 July 2022 – Mortgage Offer for Property 2 from second lender confirmed at 2.7%
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When our service asked PRIMIS about this case, it said it didn't think it had done anything wrong. It said the documents it gave Mr G and Miss L for their first mortgage application made clear that the DIP hadn't reserved any particular interest rate for them, and that it would always have expired after 12 May. An offer was then made, but withdrawn once Mr G and Miss L said they were no longer buying Property 1. PRIMIS said the first application did

have to be cancelled at that point. Mr G and Miss L got back in touch once they'd found a new property, and were told a new application would need to be done.

PRIMIS said it was sorry its broker hadn't told Mr G and Miss L that their application was cancelled, but he had assumed their solicitor would have told them this. And PRIMIS said the outcome would have been the same, even if the broker had told Mr G and Miss L that their application was cancelled. He wouldn't have made a fresh application until they had found a new property.

PRIMIS' complaint response letter to Mr G and Miss L said that they would always have needed to complete a new application once they pulled out of the purchase of Property 1. It also said a DIP from this lender usually holds a rate for 90 days, although that isn't set out on the DIP itself. But the lender itself has since shown us its policy, which says that if a DIP is followed by an offer, and that offer doesn't go ahead, then a completely new application is needed for any purchase after this. So the lender confirms that Mr G and Miss L would always have had to reapply, in their circumstances.

Our investigator thought this complaint should be upheld in part. She said Mr G and Miss L could never have ported their mortgage, as they'd understood, because porting only applies when someone's already got a mortgage in place, and is moving that existing mortgage to a second or subsequent home.

Our investigator also said Mr G and Miss L's first mortgage offer always had to be cancelled, because that lender won't transfer an offer to a new property. So our investigator said Mr G and Miss L would always have had to apply again, and it wasn't the broker's fault that interest rates had risen during this time. But she did think the broker ought to have informed Mr G and Miss L that their first mortgage application couldn't be transferred, and a new application would be needed. Because the broker didn't do that, our investigator said she'd ask PRIMIS to pay Mr G and Miss L £125 in compensation.

PRIMIS disagreed. It said the first mortgage offer could never have been ported, and its broker didn't tell Mr G and Miss L it could. But our investigator said this wasn't made clear in the key facts of their mortgage illustration. PRIMIS should have helped Mr G and Miss L. That included telling them their offer was cancelled.

PRIMIS said the cancellation wasn't its responsibility, and provided evidence that the mortgage offer was cancelled by the lender. It also showed this was done at the instigation of Mr G and Miss L's solicitors, who told their lender this purchase wasn't going ahead.

PRIMIS said the broker only confirmed to the lender, when it asked, that the purchase of Property 1 wasn't going ahead. PRIMIS didn't think it was its responsibility to tell Mr G and Miss L that their application had been closed down, and it didn't think that they'd been given anything to give them the impression it was still open.

PRIMIS also produced evidence from the broker working with Mr G and Miss L, to say he wouldn't have sought to obtain a new DIP when they pulled out of the first purchase. He didn't know they were still looking, and said even if he had, he would want to wait until they had found somewhere else to buy. He wouldn't want to adversely affect their credit score by submitting a series of applications. The broker said once he knew Mr G and Miss L had found a new property, he set up a meeting to look into the best available offer for them at the time. That's when he realised they still expected to get the rate they were previously offered.

PRIMIS wanted this complaint to be considered by an ombudsman, so it came 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 only proposed to uphold it in part. This is what I said then:

There appears to have been some confusion in this case, with references to mortgage offers and mortgage decisions in principle ("DIP") not always being clearly separated. I'll set out my understanding of the documents involved in this case here.

Mr G and Miss L got a mortgage illustration from PRIMIS. That was dated 10 February 2022, and it sets out the interest rate that PRIMIS then thought Mr G and Miss L may be able to get. The illustration says it's only valid on the day it is made, it may change after this.

Mr G and Miss L then applied for a DIP through PRIMIS. A DIP is indicative of what a lender might allow them to borrow. It's not a commitment to lending, which will always depend on a formal application.

The DIP they received is dated 24 February 2022. It is clear on its face that it is valid until 12 May 2022. It says how much this lender thought Mr G and Miss L could borrow, but it doesn't commit this lender to offering any particular interest rate.

Mr G and Miss L then made their formal mortgage application to this lender. They received a mortgage offer, dated 23 March 2022. This offer did set out how much interest they would pay, but this offer was made specifically in relation to Property 1.

Mr G and Miss L decided not to proceed with the purchase of Property 1. Their mortgage offer was cancelled at this point.

I don't think that there was a mistake, in cancelling down the first mortgage offer that Mr G and Miss L received. That offer was made in respect of a particular property, and when Mr G and Miss L decided not to go ahead with that purchase, I think it ought to have been clear that their offer would no longer be valid.

But there was clearly a misunderstanding at this point, because Mr G and Miss L had understood they could carry forward the interest rate from this offer, to a different property.

I don't think that was ever the case. This lender has shown us its policies, which do make clear that if borrowers aren't going ahead with a particular purchase, there will need to be a new application, and this will need to be reserved from the rates available at the time of reapplication. So I think that is the effect of Mr G and Miss L's decision not to proceed with a mortgage, that they would always have needed to start a new application.

That means I don't think PRIMIS did anything which meant Mr G and Miss L lost the rate in the first offer. The rate there was unfortunately lost to them when they decided not to buy Property 1. And that means it wouldn't be fair for me to ask PRIMIS to pay compensation on the basis of the rate set out in that offer.

Now I need to think about what happened after this offer was withdrawn. Mr G and Miss L say that if they'd realised they couldn't transfer the rate on their previous offer to a new property, they would have reapplied promptly, and secured the best rate available at the time. But they say they were actively misled about this by their broker.

PRIMIS' broker clearly hasn't accepted that. He says he only realised when he started to discuss a new property purchase with Mr G and Miss L, in early June, that they thought they could still have the rate set out in their old offer.

So now I need to think about how this misunderstanding may have happened.

There doesn't appear to me to be anything misleading in the documents Mr G and Miss L were sent. In particular, the DIP doesn't suggest it had reserved any rate, and their offer was specific to their property. And there's nothing to show any mistaken or incorrect advice in the emails they have shared with us.

Mr G and Miss L say they were told they could transfer their rate by their broker. So I have to decide if it's more likely than not that the couple were misled in conversation with their broker.

On this, I think it's relevant that Mr G and Miss L have consistently referred to transferring the rate from their previous offer to their new purchase as "porting". But, as our investigator explained, porting only applies when someone's already bought one property, is paying off their mortgage, and then decides to buy a different home. It didn't apply in Mr G and Miss L's circumstances.

I think porting was explained on the mortgage offer for Property 1. This concept is also central to how mortgages work, and I'd expect it to be very familiar to anyone working in this area. So I don't think it's likely that their broker would have used this term in the wrong context.

Mr G and Miss L also said that once their broker realised they couldn't carry forward the rate on their old mortgage offer, he contacted them on a non-working day, to put a new application in place. They said this demonstrated PRIMIS' acknowledgement of its error.

The email I've seen does acknowledge that the previous offer is no longer valid, but unfortunately that doesn't confirm that a misunderstanding about the rate still being available originated with the broker. There's nothing to show me that he'd previously indicated the old rate remained valid. I appreciate that the broker referred to their new application as urgent, and discussed this with them on what was usually a non-working day, but there are a number of other possible explanations for this. I don't think I can assume from this, that the misunderstanding at the centre of this complaint, was the broker's fault.

Considering all the evidence we have, and on balance, I haven't been able to say that it's more likely than not that any misunderstanding about transferring the old rate to a new mortgage application was the broker's fault.

But our investigator noted that Mr G and Miss L were first time buyers. She thought that their broker could have done more to support them in their purchase, and to explain things to them. Although I haven't been able to say that the misunderstanding here was the broker's fault, I do think that there were points where additional support or some explanation for Mr G and Miss L would have avoided the problems that occurred.

So, if the broker had contacted Mr G and Miss L around the time their mortgage application was withdrawn, and explained the impact of this, and this particular lender's policies, I think that would have avoided the problem. Or, if when talking to the couple about buy to let properties in early May, he'd checked whether they were still intending to buy a home, and had explained that a new application would be needed, then that would also have avoided the problem. Also, it would perhaps have assisted, when

forwarding the DIP to Mr G and Miss L, to note that this DIP had just expired. I think missing all of these opportunities does mean that PRIMIS has provided poor service to Mr G and Miss L, and for that reason I agree with our investigator, that PRIMIS should pay £125 in compensation to them now.

I know that Mr G and Miss L will be disappointed, but on the evidence I've seen to date, I don't think PRIMIS has to do more than that.

I invited the parties to make any final points, if they wanted, before issuing my final decision. Only Mr G and Miss L 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 G and Miss L said they still considered this decision unjust, but they would accept it. I'm sorry that they are disappointed, but I still think, having reviewed the evidence, that this decision is fair, based on what I think is most likely to have happened in this case.

Neither side has offered any further evidence or argument, and I haven't changed my mind. I'll now make the decision I originally proposed.

My final decision

My final decision is that Personal Touch Financial Services Ltd trading as PRIMIS Mortgage Network must pay Mr G and Miss L £125 in compensation.

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

Esther Absalom-Gough

Ombudsman