

## **The complaint**

Mr S complained about the service he received from First Complete Ltd trading as PRIMIS Mortgage Network ("PRIMIS"). He said that the broker made a number of mistakes, that he had to sort out. He said this made the whole process extremely stressful for him.

## **What happened**

Mr S applied for a mortgage with the support of a broker working under the umbrella of PRIMIS. Mr S said he was very unhappy with how things had worked out. He listed the mistakes his broker made.

*Purchase price* - The broker used the wrong purchase price for the property, confirming affordability on the basis of a purchase price £10,000 lower than the price Mr S had given. The broker then blamed the change of price on a monthly service charge, although this wasn't the mistake that was made.

*Total borrowings* - When Mr S's decision in principle ("DIP") was declined, the broker suggested Mr S apply for the next-best option. When Mr S checked with the lender why the DIP had been refused, he found the broker had input the wrong figures for his borrowings (this month's rather than last month's) and when this was changed, the DIP was accepted. Mr S said he should be able to rely on mortgage experts to know which figures are required.

*Loan lender* - The broker listed the wrong lender for one of Mr S's loans, and his mortgage offer had to be issued for a second time, because of this.

*Loan amount* - The broker listed the monthly payment as the balance for one of Mr S's loans, and his mortgage offer had to be issued for a third time, because of this.

*Help to buy bonus* - The broker confirmed Mr S was eligible for a Help To Buy bonus, and included this in the purchase calculations. Mr S then discovered himself that he wasn't eligible for this, close to the time of his purchase, and he had to find this extra money.

Because of the broker's mistakes, Mr S said he had to find an extra £3,000 and he also had to pay off one of his loans, before he could complete his mortgage. He said he also had to take out a different loan than the one he'd at first chosen, although he told us he now accepts that he isn't worse off because of this.

Mr S told us he wanted to be able to rely on the expertise of the broker when he made his purchase, but instead he ended up doing most of the work himself, sorting out a series of mistakes the broker made. He said this greatly increased his stress levels.

PRIMIS said it had looked into Mr S's complaint, and it responded to each of his complaint points as follows.

*Purchase price* - The broker was initially working on the basis of the fact find he'd completed with Mr S, before the memorandum of sale was available which confirmed the correct

purchase price. The change in purchase price meant Mr S didn't have the right debt to income ratio anymore, so he couldn't go ahead with his purchase. But because Mr S cleared a loan, and got a pay rise, he was then able to go ahead. PRIMIS thought its broker provided appropriate support at this point.

*Total borrowings* - PRIMIS said its broker had input the figures that Mr S gave him, when applying for a DIP. It didn't think its broker had made a mistake. PRIMIS thought its broker had done as much as possible to find out what had gone wrong for Mr S when the DIP was refused, and noted he had then reapplied when Mr S supplied up to date figures.

*Loan lender* - PRIMIS accepted its broker had given the lender the wrong bank name on one of Mr S's loans. It said this shouldn't have happened. This caused a delay of about a week.

*Loan amount* - PRIMIS said Mr S asked the broker to amend the amount of his outstanding loan. PRIMIS thought this was only to take account of his monthly payment, and didn't think this change was required because of any mistake by its broker.

*Help to buy bonus* - PRIMIS accepted that its broker had claimed specialism in the field of Help To Buy, so should have warned Mr S that he wouldn't qualify for the Help To Buy bonus. He didn't, and that left Mr S having to find a further £3,000 to go ahead with his purchase. PRIMIS didn't think it should have to pay Mr S this money, it was something he would always have had to pay, but PRIMIS did say he should have been told this earlier.

PRIMIS said Mr S had agreed to pay off his personal loan, to make the lending affordable. He did have the option to consider a different lender.

PRIMIS said Mr S got a slightly higher interest rate of 2.19% over three years, instead of 1.84% over two years. But given the ongoing increase in interest rates, PRIMIS said Mr S would be better off as a whole, when taken over the three year period.

PRIMIS said it had already refunded Mr S's broker fee of £395, and it would now like to offer Mr S a compensation payment of £250.

Mr S rejected that. He didn't think the conclusions in the complaint investigation were correct, and in particular he thought PRIMIS should pay the £3,000 that he hadn't expected to have to cover himself. So Mr S asked us to look into his complaint.

Our investigator didn't think this complaint should be upheld. He did accept that PRIMIS' broker had made a number of mistakes and Mr S had received poor service. But he thought its offer provided a fair and reasonable outcome to the complaint.

Mr S didn't agree. He said he had accepted that he wasn't worse off because of the slightly higher mortgage rate over a longer period which he'd taken. And he thought we'd upheld the rest of his complaint. But he didn't think the compensation amount was enough. He didn't think that we should be adopting the same position as PRIMIS, that because he would always have had to cover the extra purchase costs, as he wasn't eligible for a Help To Buy bonus, that meant PRIMIS wasn't responsible for him having to find that extra money.

Mr S wanted his complaint to be considered by an ombudsman, so it was passed 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 proposed to uphold it in part. This is what I said then:

I'll look at each of Mr S's points in turn.

*Purchase price* – It does look as if Mr S gave the broker the right purchase price initially, and the broker then made a mistake about this. I think PRIMIS is responsible for this mistake.

*Total borrowings* – Mr S says he would expect his broker to be aware of whether a lender operates one month in arrears, for amounts of borrowings. I think there is some force in that argument, and I also note that it appears to be as a result of Mr S's intervention here that the application was made again successfully, rather than Mr S having to take a less advantageous interest rate elsewhere.

*Loan lender* – Looking at the application submitted to the lender, this does appear to be a mistake by PRIMIS, which caused a delay of about a week.

*Loan amount* – Looking at the application submitted to the lender, this does appear to be a mistake by PRIMIS, which caused a delay of about a week.

*Help to buy bonus* – Mr S should not have been given incorrect advice on this at the outset.

I think each of the complaint points Mr S has raised with our service should be upheld. I think this series of problems has made Mr S's property purchase far more stressful than it needed to be. And I think that means PRIMIS should pay a little more than it has offered.

Mr S wants PRIMIS to pay him the £3,000 that he only realised, late in the process, he wouldn't get from the Help To Buy scheme. Although I agree PRIMIS is responsible for a mistake here, I don't think this means PRIMIS has to pay Mr S all the money he unexpectedly had to find.

The approach of our service, when mistakes have been made, is to seek to put someone in the position they would be in, if the mistake hadn't been made. And here, if PRIMIS hadn't made a mistake about Mr S's eligibility for the Help To Buy scheme, it would have told him at the outset that he wouldn't get any bonus from the scheme. So the position Mr S would have been in, is he'd have known this earlier. It's not that Mr S wouldn't have had to cover that extra £3,000 somehow. That's why PRIMIS, and our investigator, both said that Mr S would always have had to find this money.

Put another way, it isn't PRIMIS' fault that Mr S didn't get the bonus. It is PRIMIS' fault that Mr S didn't realise this, until late in the day. That means what PRIMIS has to compensate Mr S for, is the stress and inconvenience of only realising at a late stage that he wouldn't get a £3,000 bonus. I don't think it would be fair to ask PRIMIS to pay Mr S £3,000, to make up for that.

However, I do think that there are a number of examples of poor service by PRIMIS here. And in a number of cases, I cannot be entirely confident that these matters would have been resolved both quickly and successfully, without Mr S's intervention. I think it's likely, as Mr S has said, that this very greatly increased the stress of the mortgage application for him.

I think it was appropriate for PRIMIS to return Mr S's brokerage fee in these circumstances. And I think that, in addition to this, a payment of £400 would provide a fair and reasonable outcome to this complaint.

I invited the parties to make any final points, if they wanted, before issuing my final decision. Both sides replied, to disagree with my proposed decision.

### **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.

PRIMIS wanted to dispute the increased compensation I'd suggested. It said I'd noted its broker should have been aware that Mr S wouldn't get the Help To Buy bonus, as it wasn't available for the property he was purchasing. But PRIMIS said it had recognised this in its award, which it considered consisted of both the refund of fees its broker had made, of £395, plus the amount of £250 it then awarded. It said this made a total award of £645. PRIMIS said what I was doing, by increasing the compensation payment to £400, was providing an overall award of £795.

PRIMIS said this took the award into a higher category, when looking at the guidance provided on compensation by our service. And it didn't think that higher category was appropriate for what had happened in this case. It said that its offer was already at the higher end of the band it considered to be appropriate in this case.

PRIMIS also challenged what I'd said about the Help To Buy bonus. It said I'd explained this would always have been a problem, but I'd said Mr S would have known earlier rather than later if its broker had told him. PRIMIS stressed that there's no input from a broker when a customer takes out a Help to buy ISA. And Mr S would have had all the information he required given to him when he took out the ISA, or on the relevant websites after this. So PRIMIS said it was incorrect to say Mr S would never have been aware of this. He may have forgotten, but he would have had the same opportunity as the broker to familiarise himself with the product he had taken out himself. So PRIMIS said it recognised its broker should have been able to advise Mr S, because of how the broker had portrayed his understanding of Help To Buy, but equally Mr S could also have found this for himself.

PRIMIS also said its complaint response letter did confirm that not all the mistakes made were on the part of the broker. PRIMIS said the third offer was only issued because Mr S insisted on this, although there was no need for it.

PRIMIS said it wouldn't normally refund a broker fee if a customer has used the mortgage it arranged to purchase a property. But here, the broker offered this back to Mr S, so he had received a refund, plus the £250 it had offered to recognise there had been some issues. PRIMIS thought this was positioned correctly, and it was struggling to find any reason why the increase of £150 should be applied.

I agree it is of course the case that information on the Help To Buy bonus, and the conditions for its award, would have been available to Mr S from a number of sources. But Mr S chose a broker who claimed particular expertise in this area, so I don't think it was unreasonable for Mr S to ask this broker for this advice, or to rely on what he was told by him. I remain of the view that the main reason why Mr S only found out, late in the day, that he wouldn't get the bonus, was because he'd been wrongly advised on this issue earlier, by his broker.

PRIMIS also said not everything that went wrong was the broker's fault, and in particular, there was no need for the third offer to be issued. But Mr S said the monthly payment for his loan had been inputted as the total outstanding on the loan. Looking at the application document PRIMIS sent our service, it does seem to have a mistake on the outstanding loan amount, which is recorded as £43. The same amount is also recorded as Mr S's monthly

payment. So I did think it was likely that, as Mr S had said, the second offer was made on the basis of a mistaken set of facts. And that's why I do not agree with PRIMIS, either that the change was simply to reflect a reduction in the loan amount due to monthly payments, or that this change was entirely unnecessary.

I note PRIMIS has also challenged whether Mr S ought to receive both a refund of the brokerage fee he has paid, and compensation. It appears to consider that both these sums are paid as compensation for Mr S. I don't think that necessarily follows, in this case.

I note not all mortgage brokers do charge a fee for individual instances of mortgage advice. And that doesn't appear to be what Mr S has paid in this case, either. What Mr S paid is what this brokerage advertises as a "lifetime fee" – meaning that if Mr S wanted mortgage advice on buying a larger share of this property in future, he would not need to pay again. I understand Mr S was keen to increase his ownership of the property in future, so I think it's reasonable to assume that this commitment to fee-free advice in future would initially have been of value to him, and something he would have expected to use.

However, in the context of the number of mistakes made in this case, combined with the fact that it does appear Mr S had to take a leading role in uncovering and correcting these, I thought it was very unlikely Mr S would wish to use these same services in future. So I do consider that a refund of this lifetime fee payment is appropriate here.

Mr S also replied to my provisional decision, to say he accepted the additional £150 was reasonable for the disruption caused. But he said he couldn't accept that he wouldn't get the £3,000 back, because he didn't think he was left in the same position he would have been in if the mistake hadn't been made.

Mr S said it wasn't that he didn't realise the mistake until late in the day, it was that PRIMIS gave him the wrong information from the beginning. And he said PRIMIS never corrected its mistake. He realised what had gone wrong, and told PRIMIS, avoiding the purchase being lost at the last minute due to the £3,000 short fall.

Mr S said if he had the correct information from the outset, he would have secured a larger loan. The late discovery of the mistake meant he didn't have time to do this and had to make up the short fall from his savings. If he'd been warned earlier, he would still have had to pay £3,000, but would not have had to find it as a lump sum. He would then have had more in savings towards the expenses involved in owning a new property. So he said he wasn't left in the same position that he would have been in had the mistake not been made.

I understand Mr S's concerns that choices which may have been open to him, if he'd realised earlier that he wouldn't get a £3,000 bonus, weren't then open to him later in the purchase process. But I don't think I can assume Mr S could simply have got a larger loan. Even if a lender would have been prepared to offer more, the provider of the shared ownership scheme also wanted to be sure that Mr S could afford all the commitments he was taking on, for rent, mortgage and service charges. I understand Mr S did have some difficulty passing this affordability assessment. So I think there must be some doubts over whether Mr S could have borrowed more, and still bought the percentage share he wanted.

I also note that if Mr S had borrowed more, whilst he would have had more cash available immediately after his purchase, he would also have had larger monthly payments, and a higher overall debt. The mortgage offer he sent us suggests he'll pay back £1.89 for every £1 offered, so if Mr S had borrowed more, he would then be worse off, in the longer term.

For those reasons, I still don't think that it would be fair to ask PRIMIS to make a payment to Mr S of £3,000 in this case. I think the fairest outcome in this case remains the payment of

compensation that I proposed. So I haven't changed my mind. I'll now make the decision I originally proposed.

### **My final decision**

My final decision is that First Complete Ltd trading as PRIMIS Mortgage Network must pay Mr S £400 in compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 21 August 2023.

Esther Absalom-Gough  
**Ombudsman**