

## The complaint

Mr W complains about the service he got from Countrywide Principal Services Limited ("Countrywide") which meant that he lost out on a favourable interest rate on his remortgage.

## What happened

Mr W was looking for a new mortgage product. His existing mortgage product with a lender, I shall call Lender A, had ended in June 2021 but he hadn't reapplied for a new product until he contacted Countrywide in early 2022. Countrywide submitted the case to a lender, I shall call Lender B, on 24 March 2022 where it was assessed. Lender B asked for an employment contract, but the broker assured Mr W that 12 months payslips were sufficient. These were sent by the broker on 6 May 2022, but the lender required the employment contract. Mr W sent this to the broker on 22 May 2022, but it wasn't sent to the lender and Lender B cancelled the case on 27 May 2022, but this was missed by the broker.

Countrywide accepted that there was poor service and offered to refund the Lifetime broker fee, the administration fee of £99 and £200 for Mr W's trouble and upset. Our investigator recommended that this complaint should be upheld and that as a result of Countrywide's failure to process the application in a timely manner that Mr W lost out on the two-year product with an interest rate of 2.49%.

### Our investigator's view

Our investigator's view was that if the delays caused by the broker hadn't occurred, that Mr W would have been successful with getting a mortgage offer with an initial rate of 2.49% and she recommended that Countrywide compensate Mr W making up the difference between that rate and his current mortgage offer. The mortgage offer Mr W eventually accepted was with Lender A and was for a fixed rate of 3.61% over five years until November 2027. She also recommended that Countrywide pay compensation of £300 for Mr W's distress and inconvenience. Countrywide disagreed saying in summary that as no mortgage offer was issued by Lender B and that it wouldn't be certain that a mortgage offer would issue, and our investigator was not comparing like for like between a mortgage with a two-year fixed rate and a mortgage with a five-year fixed rate.

### My Provisional Findings

As my initial view of this complaint differed from that of our investigator I issued a Provisional Decision and said the following:

*"I've taken some time to consider this complaint and asked for further information from Mr W and Countrywide. There is undoubtedly delay and poor service by the broker in dealing with the application, but the question is what financial loss, if any, did Mr W suffer because of this. Although Mr W brought the complaint in his sole name, he wasn't the sole owner of the property when he made the application. At that time the property was owned by Mr W and his sister. The property had at the time a mortgage with Lender A and Mr W, when the remortgage application with Countrywide fell through, returned to Lender A, and got a new*

*mortgage product. But this was only after he got a transfer of equity transferring the property from being in his and his sister's name to himself alone.*

*Mr W's difficulty here in pressing his claim for financial loss is that when he solely applied for a remortgage with Countrywide, he wasn't the sole owner of the property. At that stage, even if Countrywide had acted diligently, it couldn't have sourced him a remortgage in his sole name because he wasn't the sole owner of the property. Mr W required his sister's equity to be transferred to him before he could make application for a remortgage in his sole name.*

*I note that this particular issue, that the property wasn't in Mr W's sole name, wasn't brought to Countrywide's attention in the documentation I have seen. It wasn't brought to our attention either. I noted after looking at the documentation that an earlier mortgage offer in 2020 was in joint names and I asked whether there had been a transfer of equity application. Mr W replied "The other party was not a joint owner and therefore no transfer of equity was required. Since my remortgage this year (2023) I am the only named person on the mortgage "*

*That surprised me as invariably if a mortgage is in joint names the property will be in joint names, so I enquired further. Mr W replied "Technically the property was jointly owned ". Mr W then described how the property prior to the remortgage in 2021 was owned by himself and his then partner and then in February 2021 by Mr W and his sister and then during the remortgage process, in February 2023, his sister was removed from the property and the mortgage. So, I take it there was a transfer of equity to Mr W from his sister when he remortgaged the property with his current lender.*

*But at the time Mr W applied for this remortgage there hadn't been a transfer of equity application and Mr W was applying solely for a remortgage in his own name on a property that was jointly owned. This application could not succeed. It required a joint application and there was none. Or it required the equity to be transferred and there was no such application I expect in such situations an adviser would advise on a transfer of equity but then again Mr W failed to mention the property was jointly owned, so how could the adviser advise on that?*

*Our investigator decided that Mr W had suffered a financial loss because she believed that if Lender B issued a mortgage offer, Mr W would have been able to have completed the remortgage at the initial interest rate. Our investigator, just as much as Countrywide, wouldn't have known that the property was jointly owned as that wasn't disclosed. But if Lender B had issued a mortgage offer for a remortgage at some stage Lender B's solicitor would have raised the title issue and the remortgage couldn't complete on the basis of that offer. It maybe that another offer could have issued on the basis that Mr W's sister would sell her equity to him. But that might have required another mortgage offer with another rate of interest. Or Mr W may not have been able to complete the sale on time in accordance with the mortgage offer. I note that the transfer between Mr W and his sister and the remortgage with Lender A didn't complete until 31 January 2023. We don't know what length of period Lender B was allowing for completions on its mortgage offers. I understand they were reducing during this period as interest rates changed. But assuming the mortgage offer was available for six months at the outside, if Countrywide had acted diligently and an offer had issued in May 2022, the mortgage offer would have lapsed in any case before Mr W would have been in a position to complete on 31 January 2023.*

*There is also an issue as to whether Mr W would suffer any financial loss even if he had received a mortgage offer from Lender B and was able to complete on the basis of that offer. As Countrywide pointed out his application to Lender B was for a fixed rate for two years. Mr W has a fixed rate for five years with Lender A. The five-year rate that Mr W was able to secure is certainly higher than the two-year rate but substantially lower than five-year rates presently available. If Mr W had accepted the two-year rate at the end of that period he*

*would have to fix again. It's not clear to me that it's likely any rate he would be offered for the following three years would be lower than the rate he's presently on and possibly much higher. So, it's not clear that at the end of the five-year cycle that he would be financially worse off by not getting the two-year fix with Lender B.*

*For the reasons set out above I don't accept that Mr W suffered a financial loss as a result of Countrywide's actions or inactions. My role is to decide what's fair and reasonable in the circumstances and there is a question as to whether, in any case. It's fair to penalise Countrywide if the customer failed to disclose such a significant fact as that he wasn't the sole owner of the property on which he was looking to remortgage. But I must also bear in mind that this was very poor customer service from Countrywide. Mr W refers to trying to make contact with the broker and not receiving return calls and the broker failing to pass on significant information to him or Lender B at crucial stages of the application. So, for that poor service, I intend to uphold the complaint. Countrywide should refund the lifetime broker fee and administration fee and pay Mr W £300 for his distress and inconvenience. Before coming to my final decision, I will consider any further submissions that Mr W or Countrywide may wish to make by the date referred to above. "*

I then invited further submissions. Countrywide said it had nothing further to add. Mr W made some further submissions which I've summarised and considered below.

### **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.

Following the issuing of my Provisional Decision, Mr W made a detailed further submission which I summarise below :

- Mr W says that he suffered a financial loss of the additional time spent on Lender A's variable rate and then the difference between an interest rate of 2.49% and one of 3.61%.
- He was able to complete a transfer of equity with Lender A concurrent with the remortgage and that would have been the case had he got an offer from Lender B if Countrywide had done its job properly.
- Countrywide was aware of the ownership situation from the first meeting and a transfer of equity was not a major issue and this was not a sale to his sister.
- Mr W doesn't see the relevance of the 31 January 2023 that I refer to in my Provisional Decision and says that, in any case if Countrywide was involved that as professional mortgage advisers that it would be completed sooner.
- I should not use hindsight in coming to a decision on Mr W's financial loss.

I've given careful consideration to Mr W's further submissions, but they don't alter my view that my Provisional Decision represents a fair outcome to this complaint.

I've no doubt that Mr W ended up on a higher interest rate than he intended to be on, and I've held that Countrywide acted inefficiently in his application. But in order to find that Mr

W's financial loss resulted from Countrywide's inefficiency I need to show that if Countrywide acted efficiently that Mr W would have got the interest rate that he wanted. The central problem is that in my view Mr W didn't inform Countrywide - as he didn't inform us - that the property was owned in joint names with his sister and asked the broker to process an application in his sole name. So, even if Countrywide processed the application efficiently and a mortgage offer issued, the mortgage couldn't complete as the mortgage offer was in Mr W's sole name and the property title in joint names.

I've said I've seen no evidence that Mr W advised Countrywide of the joint ownership of the property with his sister. That remains the position and no new evidence has been produced supporting Mr W's claim that he informed the broker of this at the first meeting. My view is that Mr W understood he was the sole owner of the property and so didn't make the broker aware as he didn't make us aware that the property was in joint ownership. I don't believe that he considered it a significant detail that the property was in his and his sister's name. Indeed in his further submission Mr W says "*In my eyes and that of my sisters she did not claim ownership of the property*" although she clearly had such a claim.

I've explained above why this failure to inform would have led to the likely withdrawal of any mortgage offer by Lender B given the mismatch between the offer in a single name and the title in joint names and so I don't consider that even if Countrywide acted efficiently that Mr W would have got the interest rate he wanted and so, I can't fairly say that he suffered a financial loss as a result.

Mr W says that the transfer of equity and the remortgage could have proceeded simultaneously as it did with Lender A. But I've noted that this took over four months to complete with Lender A from September to 31 January 2023 – hence the relevance of that date. But the processes would be different between Lender A and Lender B. Lender A already had a mortgage and a charge on Mr W and his sister's equity and could release its charge over Mr W's sister interest. Lender B had no charge to release. It would have required Mr W's sister to transfer her equity to Mr W (presumably by application to Lender A) before Mr W could remortgage his interest to Lender B.

That's a more complex operation than would be required if Mr W made his remortgage application to Lender A as it would require applications to Lender A and Lender B. I queried whether this could be done in time should any mortgage offer have issued by Lender B given the time it took for Mr W's less complex application to Lender A to complete. But in any case as Mr W hadn't told the broker about the property was in joint ownership, the application couldn't proceed in any event. As I don't agree that Mr W suffered a financial loss as a result of the broker's actions, I needn't deal with how that is calculated.

So, I'm of the view that my Provisional Decision represents a fair outcome to this complaint and for the reasons set out there, I'm upholding this complaint.

### **Putting things right**

Countrywide Principal Services Limited should refund to Mr W the lifetime broker fee and administration fee and pay Mr W £300 for his distress and inconvenience.

### **My final decision**

I uphold his complaint and require Countrywide Principal Service Limited to pay the compensation referred to above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 25 August 2023.

Gerard McManus  
**Ombudsman**