

## **The complaint**

Ms K has complained about poor customer service she received from her mortgage broker, Mortgage Matters Direct, represented by Home in One Financial Services Limited, and referred to here as MMD.

Ms K wants MMD to compensate her for financial loss, distress and inconvenience.

## **What happened**

I do not need to set out the full background to the complaint. This is because the history of the matter is set out in the correspondence between the parties and our service, so there is no need for me to repeat the details here. In addition, our decisions are published, so it's important I don't include any information that might lead to Ms K being identified. So for these reasons, I will instead concentrate on giving a brief summary of the complaint, followed by the reasons for my decision. If I don't mention something, it won't be because I've ignored it; rather, it'll be because I didn't think it was material to the outcome of the complaint.

In addition, MMD has acknowledged its customer service was below the standard Ms K should have received, and has offered compensation to cover additional mortgage interest Ms K will incur over a five-year period, and compensation for distress and inconvenience.

However Ms K hasn't accepted this. In addition to financial loss, she wants MMD to reimburse £10,000 she had to raise to enable her to complete her purchase, and £5,000 for distress and inconvenience. Ms K also wants personal written apologies from two named individuals at MMD.

Briefly, Ms K was purchasing a property with a mortgage that was being arranged through MMD. An application was made to a lender I will refer to as NW for a mortgage over a term of 27 years, with the first five years at a fixed rate of interest.

In October 2022 Ms K decided not to go ahead with that property, and told MMD she was buying another. MMD said all it would need to do was to change the address on the NW application.

However, the new property was part of a scheme called First Homebuyer, which gave a 30% discount on the purchase price. Only a limited number of lenders offer mortgages where the property is part of this scheme, and NW isn't one of them. It wasn't until January 2023, after Ms K had to chase MMD, that she first learned that NW had declined the application because it was part of the scheme, despite the fact that Ms K says that MMD had previously reassured her all was well and that she should be able to complete her mortgage soon.

MMD was only able to find two other lenders who would lend where this scheme applied to the purchase, one I'll call H and the other S. Ms H chose to go with H, as its interest rate was lower than that of S. However, it was higher than the rate Ms K thought she was going to get from NW, and the term was shorter (25 years), leading to higher repayments. In addition, H wasn't prepared to lend the same amount as NW, as a result of which Ms K had to raise £10,000 to make up the difference in the purchase price.

Ms K complained. MMD acknowledged it had made mistakes, and apologised to Ms K. It offered to compensate Ms K for the difference in the mortgage repayments over the five-year fixed rate term - £960. It also refunded the broker fee of £425 and offered compensation of £300 – making total compensation of £1,685.

Dissatisfied with this, Ms K raised her complaint with our service. An investigator looked at what had happened. Overall, the investigator thought the redress offered was fair in relation to refunding the broker fee and reimbursing additional interest. However, she thought that £600 was a more appropriate figure for distress and inconvenience.

The investigator wasn't persuaded that MMD was liable to reimburse the £10,000 Ms K had to put towards her purchase; that was because it was Ms K's decision to do this, in order to reduce her monthly mortgage repayments.

MMD agreed to pay the compensation recommended by the investigator to draw matters to a close.

Ms K, however, didn't accept the investigator's recommendations. Ms K wants £10,000 *"based on her losses"*. Ms K says that if she hadn't sourced those funds, she'd have lost the property and become homeless. In addition, Ms K wants individual and personalised apology letters from two named members of MMD's staff *"accepting responsibility for their misconduct"*. Ms K also believes compensation of £5,000 is more appropriate for the impact on her physical and mental health arising from the actions of MMD.

Because the matter is unresolved, it falls to me to issue a final 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.

Because MMD has acknowledged it made errors and has offered compensation, I do not need to analyse all the events in order to decide whether or not it is at fault; this is not in dispute. All I need to decide is what the appropriate compensation should be.

### **Putting things right**

I am glad that MMD has agreed to reimburse the additional interest Ms K will incur by taking out the mortgage with H. It's clear that MMD should have checked once it knew Ms K was buying through the scheme whether NW would lend on the property. If this had been done sooner, it's likely, given interest rate movement during the autumn of 2022, that a lower rate could have been sourced from H. However, I'm satisfied that the offer to reimburse the additional interest of £960 is fair and reasonable.

I'm also satisfied that, given the level of service Ms K received, reimbursing the £425 broker fee is also appropriate.

I've noted what Ms K has said about needing to find an extra £10,000 towards her purchase. However, I'm not persuaded MMD is responsible for this. H wouldn't lend any more, and so if Ms K wanted to continue with the purchase, she had to find the additional funds to do so. So it is not a financial loss, it's money Ms K would have needed to find in any event to purchase the property.

I've noted what Ms K has told us (in confidence) about her circumstances at the time. I appreciate she was going through a lot of stress, and I do understand the reasons why Ms K needed to press ahead with her purchase. But I don't think MMD is responsible for compensating Ms K for the impact on her of those external circumstances, notwithstanding that I acknowledge they were distressing and upsetting for her.

I can only award compensation for the distress and inconvenience caused by the errors made by MMD. In relation to this, I think that £600 is fair, reasonable and proportionate to the errors made by MMD. The customer service Ms K received was poor. MMD effectively *"took its eye off the ball"* in relation to sourcing the correct mortgage for Ms K, and didn't update her as it should have done, leaving her to find out what was happening from the estate agent. Moving house is a stressful experience even where things go smoothly, and in this case, the errors made by MMD caused Ms K unnecessary stress and upset.

I've noted Ms K's request for a personal apology from named members of staff of MMD. However, I won't be ordering MMD to request this from those staff members.

This is because we look at complaints against businesses as corporate entities, and don't single out individual members of staff. Furthermore, I note that in the final response letter dated 13 April 2023, MMD's Head of Compliance said: *"I would like to offer my apologies on behalf of MMD"*.

I acknowledge Ms K will probably not agree that the existing apology is adequate, but I am satisfied that MMD has apologized, and therefore I don't require it to provide any additional apology.

### **My final decision**

My decision is that I uphold this complaint. In full and final settlement of this complaint I direct Home in One Financial Services to do the following:

- pay Ms K £1,385 for her financial losses (as detailed above);
- pay compensation for distress and inconvenience of £600.

This final decision concludes the Financial Ombudsman Service's review of this complaint. This means that we are unable to consider the complaint any further, nor enter into any discussion about it.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms K to accept or reject my decision before 12 February 2024.

Jan O'Leary  
**Ombudsman**