

The complaint

Mr K and Ms R's complaint is about the service they received from a mortgage broker that is part of Connells Limited in 2022 when it assisted them in obtaining a mortgage. They say they lost £500 cashback because they were forced to attend a meeting to look at insurance products rather than their mortgage application being submitted. They are also unhappy about last minute changes made to their second meeting with Connells, which meant it was at an inconvenient time for them.

Mr K and Ms R would like Connells to pay them the £500 cashback they believe they should have received and refund the broker fee. Alongside this they would like an apology and assurances Connells' staff will receive training to ensure no-one else has the same experience as them.

What happened

In the autumn of 2022 Mr K wanted to sell his property and he and Ms R wanted to buy one together. They attended an appointment with Connells on 14 October 2022 for it to assess their mortgage needs and affordability, in order to give them an idea about how much they'd be able to borrow. They were given a decision in principle in that meeting.

Two further meetings were arranged for 20 and 25 October 2022. In the meeting of 20 October 2022 Mr K and Ms R's protection needs were assessed and discussed. They've told us that at the end of this meeting the adviser raised concerns about interest rate products changing and waiting until 25 October 2022 before applying might not be a good idea. The meeting on 25 October 2022 was moved forward to the following day, at which time an application for a mortgage was made.

Mr K and Ms R originally wanted a product with a fixed rate of 5.39% over five years, which came with cashback of £500. However, although it was showing as available on the system Connell's used to source and compare available products, the lender had already withdrawn the product and it could not be selected on the lender's system when the application was made. The product that was selected instead offered the same interest rate, but no cashback. The application was accepted, and a mortgage offer was issued on 17 November 2022.

At the beginning of 2023 Mr K and Ms R were having discussions with Connells about life cover to protect the mortgage. During those discussions they raised the issue of potentially changing interest the rate product. The email discussion is dated 6 February 2022. They were told that if they applied to change the product, the lender could simply issue a new offer, but it might reassess the application, which could delay things. In the middle of this discourse Connells said in response to a request for more information about timescales:

'This should take too long as I said it could go straight to offer or they may require an updated payslips to do further check. I feel the timescales would outweigh the financial gain.'

The adviser has said this should have read as *'This should not take too long ...'* It was then confirmed by the adviser the timescales would likely be at most a couple of weeks. At which

point this overcame Mr K and Mrs R's concerns about changing products potentially delaying the mortgage completing and they told the adviser to go ahead and apply to change the product.

When the adviser was arranging the change, she noticed a slightly lower rate than the one that had been discussed with Mr K and Ms R. She applied for the lower rate product with their permission. The application went straight to offer.

Just over a week later, the adviser contacted Mr K and Ms R again as she had noticed an even lower rate product had become available. Again with their permission, the adviser changed the application and a new offer was issued the same day.

The mortgage completed on 22 March 2023.

Mr K and Ms R complained to Connells on 16 April 2023. Connells responded to the complaint in a letter of 28 April 2023, but it didn't uphold the complaint.

Mr K and Ms R were not satisfied with Connells' response and asked the Financial Ombudsman Service to consider the complaint.

When Connells was informed the complaint had been referred to us, it stated the meetings had been completed in the correct order. Mr K and Ms R's initial mortgage needs and affordability had been assessed in the meeting on 14 October 2022. The next meeting was always used to review the customer's need in relation to protection, insurance, and wills etc. There would then have been a further meeting for the adviser's recommendations to be presented.

One of our Investigators considered the complaint, but he didn't recommend that it be upheld. While he understood that Mr K and Ms R were unhappy with the service they received, he was not persuaded there was evidence of wrongdoing on the part of Connells in relation to the advice or interest rate product.

Mr K and Ms R didn't accept the Investigator's conclusions. They said they didn't think he had fully grasped their concerns and most of what he had commented on had no bearing on the crux of their complaint. They reiterated that when they met with the adviser on 20 October 2022 the mortgage application should have been made, and this delayed the process, implying they believed they could have had the interest rate product with the cashback if this had not happened. They also said the Investigator's conclusions ignored the fact that they had to push the mortgage adviser to get a lower interest rate product. They reiterated that the adviser had told them not to pursue a different product. In summary, Mr K and Ms R believe that if the mortgage had been applied for on 20 October 2022 they would have had the interest rate product they do have, but would also have received £500 cashback.

The Investigator considered Mr K and Ms R's comments, but they didn't change his conclusions about the complaint. However, he explained that even if they had made an application in time to receive the interest rate product that had the cashback linked to it, when they changed to a lower rate product, they wouldn't have retained the cashback. He commented on Connells' process and the importance of the protection discussions.

Mr K and Ms R again said they thought the Investigator had not grasped their complaint and was misrepresenting basic details of the situation. The Investigator provided further comment, but they remained dissatisfied, and the complaint was referred for an Ombudsman to review.

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 note that Mr K and Ms R are unhappy with not only the mortgage advice process they received from Connells, but also the service they received from the associated estate agency, in relation to the sale of Mr K's property. I would at this stage make it clear that nothing contained in this decision relates to acts or omissions in relation to the sale of the property, as the estate agency falls outside our remit.

I would initially explain that our enabling legislation, the Financial Services and Markets Act 2000, provides at section 225 that we are required to resolve complaints "*quickly and with minimum formality*". We're impartial, and we don't take either side's instructions on how we investigate a complaint. We conduct our investigations and reach our conclusions without interference from anyone else. That means I don't have to address every individual question or issue that's been raised if I don't think it affects the outcome.

In reaching my decision, I have had regard for the law and good industry practice where relevant, but my overarching responsibility is to decide what is fair and reasonable in the circumstances.

I would also at this stage explain that when Mr K and Ms R applied for their mortgage they applied for two separate things; the mortgage borrowing and an interest rate product that sat on top of that borrowing. The cashback they have said they lost because of perceived delays in the process, was attached to the interest rate product. So even had they been able to apply for a product with cashback attached to it, when they changed product in February 2022 all of the benefits associated with the original product would have been given up for the lower interest rate associated with the new product. That included the cashback.

In relation to the application process, Connells has confirmed it completes factfinding for both the mortgage and protection before making its recommendations. As such, while Mr K and Ms R believed that the appointment they had with the mortgage adviser on 20 October 2022 was meant to be when the mortgage application was made, that doesn't appear to be the case. It would appear the meeting where Connells would present its recommendations and applications would be made had been scheduled for a week later. However, that said, as Mr K and Ms R have said, when they got to the end of the 20 October 2022 meeting the adviser raised concerns about changing rates and what might happen if the recommendations were left until the following week. As such, Connells rearranged the second meeting for the following day. I don't consider this concern was unreasonable given what was happening in the market at the time.

Mr K and Ms R have said the rearranged meeting was inconvenient for them. If that was the case, they could have chosen to stick to the original meeting the following week and risked the possibility of the products available at that time having higher interest rates attached to them. Having considered the evidence in this regard, I am not persuaded Connells did anything wrong in relation to what it discussed with Mr K and Ms R when, or in relation to it trying to ensure that they weren't disadvantaged by increases in interest rate products by moving their meeting forward by a few days.

Mr K and Ms R have said that had they not instigated a change of product in February 2022, their mortgage would have completed on a much higher interest rate product. It is clear that they instigated a review of the interest rate product. However, in general, if a customer is happy with the product that has been recommended, I wouldn't expect a mortgage adviser to suggest changes. This is due, as was explained, to a change in product having the potential

to result in the application having to be underwritten again, and possible delays. This is especially of concern when the offer has been in place for some months and, logically, completion is getting closer, and timescales are particularly important.

That said, some of the emails on 6 February 2023 about the situation could individually be interpreted as the adviser trying to discourage Mr K and Ms R from looking at another interest rate product. When questioned about the messages being sent to Mr K and Ms R in some of those messages, the adviser has said there were typographical errors and that she missed the word 'not' out of one of the messages. Having read all of the messages together so that the context is clear, I am inclined to accept that is the case. Even if Mr K and Ms R considered the poorly worded parts of the exchange was the adviser discouraging them from changing the product because of the amount of time it could add to the process, I am satisfied any miscommunication was clarified by the end of that exchange on the same day. Mr K and Ms R were told what might happen and were given an approximate range of timescales. This allowed them to make an informed decision to change products. Following Mr K and Ms R's instruction to change the product linked to their mortgage application, the adviser proactively changed rates. This resulted in the first change being made to a product with a lower interest rate than originally planned, and then a further change to an even lower rate product. All of which was to Mr K and Ms R's benefit.

As for the matter of provision of identification for Mr K and Ms R's solicitors, having reviewed Connells' records, it is clearly recorded that their ID check for the mortgage application was completed via an electronic system. As such, the mortgage adviser would not have needed copies of their ID, as it has said. This means that Connells didn't have the documentation the solicitors needed. I can't find that Connells did anything wrong when it couldn't provide documentation it didn't have to Mr K and Ms R's solicitors. However, when it didn't have what Mr K and Ms R needed, it asked the estate agency if it had ID for them in relation to the sale of the property. It then obtained a certified copy and provided this to the solicitors. This can only be considered to be good service, as Connells didn't have to do this.

I know that Mr K and Ms R will not be happy with my conclusions, but I am not persuaded the overall level of service they were provided with was inadequate. As for the refund of the broker fee they have requested, I don't consider this would be appropriate as Mr K and Ms R paid Connells the fee to source and arrange a mortgage for them and that is what it did.

My final decision

My final decision is that I do not uphold this complaint. Under the rules of the Financial Ombudsman Service, I am required to ask Mr K and Miss R to accept or reject my decision before 14 March 2024.

Derry Baxter
Ombudsman