

The complaint

Miss Z complains about poor service when she took mortgage advice from an appointed representative of Mortgage Advice Bureau Limited. Miss Z says two property purchases fell through as a result. She asks for compensation for financial loss and the upset caused.

What happened

Miss Z took mortgage advice from MAB in mid-2022. She says they failed to ask for and check documents required by the lender or update information correctly. And it failed to respond to requests from the lender promptly. She says this caused delays. Miss Z says two property purchases fell through after she incurred legal costs. Her mortgage offer expired and the product she'd applied for was no longer available, meaning she'll have to take out a mortgage with a higher interest rate.

MAB said it made errors which caused substantial delays and offered £200 compensation.

Our investigator said he couldn't fairly find that Miss Z's property purchases would have completed but for delays caused by MAB. So he didn't think it was fair to require MAB to pay any costs or losses related to this. However, he said MAB made errors which caused Miss Z upset and our investigator said it should pay £400 compensation (in total) for this.

Miss Z agreed. MAB didn't respond.

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.

Miss Z contacted MAB in March 2022. In May 2022 she found a property to buy. MAB recommended a mortgage and submitted an application on her behalf.

MAB accepts that it made errors which caused substantial delays. Miss Z's property purchase fell through. She found another property. A mortgage offer was issued in early October 2022. This expired before the purchase could complete.

I don't think I can fairly find that Miss Z's property purchases would have completed even if there hadn't been these delays.

The lender requested a form EWS1 (an external wall fire review) for the first property. The form EWS1 said the fire risk was sufficiently high that remedial measures were needed. The seller of the first property withdrew from the transaction. Miss Z told MAB this was due to cladding issues and the vendor sold the property to a cash buyer. While it's possible the delays contributed to the vendor's decision, this might have happened anyway. And it's not certain that the lender would have offered a mortgage for this property.

The lender did issue a mortgage offer for the second property, in early October 2022. The lender issues mortgage offers which are valid for six months from the application date. This meant Miss Z's offer expired in mid-November 2022. The lender agreed to extend it to late

November 2022.

There were legal issues with the second property which were not resolved before the mortgage offer expired. The solicitors would have had more time to deal with the legal issues if the mortgage offer had been issued earlier. But from what Miss Z has said the solicitors told her it could take some time to sort out these issues. I don't think I can fairly find that this purchase would have completed even if there hadn't been any delays with the mortgage application.

I appreciate how frustrated Miss Z was at the end of 2022 to find that she was no further forward with buying a property, especially with the increase in interest rates. But this was at least in part due to having two potential property purchases fall through. While MAB made errors and caused delays I don't think this was the only or the main reason these property purchases didn't complete. I don't think it's fair and reasonable in the circumstances to require MAB to pay compensation for any legal costs or for the change in interest rates during this period.

MAB did make errors, as it acknowledges. The application process would have been less stressful for Miss Z if it had managed it better. I think it's right that MAB pays compensation for this. Errors – such as not checking documents were in a form acceptable to the lender and not updating Miss Z's details – happened throughout the process. Miss Z had to contact the lender directly to find out what was happening. Much of Miss Z's stress would have been due to problems with the property purchases. But MAB's errors caused additional worry and inconvenience for Miss Z. I think it's fair and reasonable to require MAB to pay £400 (in total) for the upset this caused.

My final decision

My decision is that Mortgage Advice Bureau Limited should pay £400 to Miss Z.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss Z to accept or reject my decision before 1 March 2024.

Ruth Stevenson
Ombudsman