

The complaint

Ms P complains First Complete Ltd trading as PRIMIS Mortgage Network offered to help her get additional borrowing, when she was remortgaging. But the application was eventually refused, then she had to remortgage with her existing lender, whose rates had gone up.

What happened

Ms P said she was contacted by a broker working under the umbrella of PRIMIS, around the time that her existing fixed interest rate mortgage was ending, and she was due to remortgage. She said the broker seemed to have all the details of her original application, although it wasn't the same broker she'd made that earlier application with.

The broker recommended a ten year fixed rate, at 2.55%, with a particular lender, which I won't name here. The broker made that application for Ms P on 17 May 2022. Ms P planned at the time to take some additional lending, as rates were so advantageous. She said she was thinking about some home improvements.

Ms P said she started to be concerned at the beginning of August, because she still didn't have a mortgage offer. But she said her broker told her not to worry, as the product had a long drawdown deadline.

Ms P said she then discovered that her preferred lender wouldn't offer her a mortgage, as it doesn't lend on the particular property type she owns. Ms P said she'd since been advised elsewhere that most lenders wouldn't offer a mortgage on her home.

Ms P said she'd ended up having to stay with her existing lender, and didn't get the extra borrowing she wanted. Also, rates had gone up in the meantime. She thought she could have secured a rate of around 3% with her existing lender, but said the delay meant she was only able to get a ten year fixed rate at 3.69%. So Ms P she said she was paying much more each month on her mortgage now than she would have been if she'd remortgaged earlier.

Ms P complained, and PRIMIS had offered to pay back the broker fee of £250. But Ms P wanted PRIMIS to pay the additional money she was being charged on her mortgage.

PRIMIS said its data showed Ms P's property type had been incorrectly recorded. It said her preferred lender wouldn't have offered her a mortgage, it doesn't lend on her type of property. So PRIMIS said this application should never have been submitted to this lender. That's why it proposed to refund the broker fee of £250 she'd paid.

But PRIMIS said that when Ms P's application was made to this lender, she wasn't eligible to apply to her existing lender for a product transfer. PRIMIS thought what would have happened, if it had realised the type of property Ms P had, was that she'd have explored other lenders, so she could get the additional borrowing she wanted. And it said that if other avenues failed then she would have been in the position she was in now, a product transfer with her pre-existing lender at the same rate.

Our investigator thought this complaint should be upheld. She said that Ms P discussed

remortgaging with PRIMIS' broker in early May. And her application was submitted in the second half of May. But when her preferred lender carried out its valuation, it realised that Ms P's property type didn't match the application, and it was a type that this lender doesn't offer mortgages on.

Our investigator said some things in this case weren't clear. PRIMIS hadn't explained how the mistake about Ms P's property type was made. And the investigator said she couldn't tell why the lender said it wouldn't lend on this property type on 12 July, but then asked for confirmation of the property type Ms P had. Our investigator said PRIMIS had appealed this decision, but she didn't know why it did this. This lender wouldn't lend on this property.

Our investigator accepted that Ms P was unhappy she didn't get the rate she applied for with her preferred lender, but our investigator said Ms P would never have secured that rate from this lender, because of her property type. However, if the correct information had been collected by her broker, then this would all have come to light much sooner. Our investigator also noted that PRIMIS was aware of the position from early July, but Ms P didn't find out there was a problem until the end of August.

Our investigator said PRIMIS should pay Ms P back the £250 broker fee it had charged, and it should pay her £250 in compensation. But she didn't think PRIMIS should have to pay the difference between the rate Ms P was paying on her mortgage now, and the one she thought she could have got. Our investigator said we just couldn't tell whether any other applications by Ms P would have been successful.

PRIMIS agreed with our investigator, but Ms P didn't. She didn't think this made up for the extra money she would be paying in interest over the next ten years, or for losing out on the additional borrowing she wanted.

Our investigator said it wasn't PRIMIS' fault that interest rates increased during this time. But Ms P said she had originally applied for a lower rate with her preferred lender. And she said it was PRIMIS' fault that she didn't look elsewhere during this time. She was misled by PRIMIS into believing she could get this rate.

Because no agreement was reached, this case then came 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 did propose to uphold it. This is what I said then:

I don't know how the key mistake in this case – about Ms P's property type – was originally made. It's possible that the data passed to PRIMIS about Ms P's remortgage needs contained this error. But I think it would have been prudent here for PRIMIS to confirm those details with Ms P, before making a mortgage application for her. So even if PRIMIS didn't make the mistake in the first place, I would still say that PRIMIS carries responsibility for this mistake having been included in Ms P's mortgage application.

All sides agree that, because of this mistake, a mortgage application was made which was never going to be suitable for Ms P. So I have to think about what ought to have happened in this case.

PRIMIS said it thought Ms P would have applied elsewhere, through a process which would have taken as long as this one did. It thought she would then have failed to get additional lending, and so would always have taken out the same remortgage with her

existing lender, in August. But this application seems to me to have taken some time, and our investigator noted periods of delay, which she said weren't clearly explained. I agree. I don't think it's reasonable to make the assumptions that PRIMIS has made here.

Ms P was interested in taking out some additional borrowing, and her application to her preferred lender included this. It does appear though as if Ms P wasn't completely wedded to this, as she then went ahead with a remortgage without extending her borrowing.

Mortgages for the type of property that Ms P lives in, are more difficult to secure. So I think that Ms P should have been told by PRIMIS that it was quite likely she'd need to source borrowing from a specialist lender. And that might well mean that rates might not be as competitive as she expected.

Ms P said the reason she was intending to borrow more money for home improvements, was that the rates were so advantageous. If she'd been offered somewhat higher rates, it's by no means clear that she would have gone ahead with this plan.

Ms P had the option to remortgage with her existing lender. I've asked her existing lender what it could have offered her, and when. That lender told us that Ms P could have taken out a ten year fixed rate of 2.99% (with no fee) on 25 May 2022, which would have started at the same time, on 1 September 2022.

I think Ms P was wrongly advised at the outset, because PRIMIS doesn't appear to have checked her property type when either taking details from her or confirming the details it already held. I think for that reason, Ms P feels that she lost the chance of some additional borrowing. And she has clearly ended up on a higher rate now.

But what I think ought to have happened here, is Ms P ought to have been told that she would be unlikely to secure a rate as low as that offered by her preferred lender, for a property such as hers. And if she'd been told about the difficulties securing a mortgage for her property, I think it's most likely she would have chosen then to go ahead with a remortgage with her existing lender, at the rate then on offer, of 2.99% for ten years.

Because of that, I think PRIMIS should work out now the difference between the monthly payments on the mortgage Ms P secured in August 2022, at a rate of 3.69% fixed from 1 September 2022 until 30 November 2032, and what she would have paid if this same lending was at a fixed rate of 2.99% throughout that period. And PRIMIS should then pay her that difference, as a lump sum.

I think PRIMIS should also refund the broker's fee of £250 that Ms P paid. But I note that there are advantages to receiving a lump sum payment such as this, upfront. So I don't think PRIMIS also has to pay additional compensation, on top of this.

I think that 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.

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.

First complete said it would accept my decision. It said it thought Ms P would be paying £637.74 per month on her current fixed rate deal, but would have been paying £633 if she'd secured a rate of 2.99%. So it said if it had to cover that difference, for the 122 months between 1 September 2022 and the end of November 2032, then it should make a payment of £578.20, plus a refund of the brokers fee of £250.

Ms P replied, to say there were further points she wanted to be considered. She said she accepted the 2.55% rate shouldn't have been offered to her. But she said the delays and the wrong advice stopped her seeking out an alternative lender. Ms P named an alternative lender, who she said she would have asked about their rates at the time.

Ms P said because she couldn't secure the rate she was initially offered, that did mean she didn't borrow extra money for her home renovations, so she was now having to fund those from income and savings, on an ongoing basis.

Ms P said Primis had suggested she might not actually have been able to borrow the extra money from another lender. But Ms P thought that wasn't consistent with Primis' assessment of her income for the extra lending. She said that Primis was happy to lend her the original amount she'd applied for.

Ms P said due to the time Primis took, and not having had the chance to research other lenders, at a time when rates were rising rapidly, she took the decision to remortgage with her existing lender, as that was a quick process not needing a full application.

Ms P said that Primis used a secure messaging system, she'd tried to get a copy of the relevant messages for our service, but she said she wasn't able to access them now.

Ms P said she thought Primis should be asked to pay the difference between the rate of 2.55% she was wrongly told she might get, and the rate she then secured. And she said this should be worked out on the whole of the larger amount she was looking to borrow, because she would have taken the larger loan if she hadn't been wrongly advised.

Ms P then wrote again. She said she'd spoken with the lender that Primis approached on her behalf. That lender had confirmed the application Primis made was for entirely the wrong property type. Ms P said that proved she hadn't been lying, and it was no longer Primis' word against hers.

I'd like to start with Ms P's last point. I said in my provisional decision, that I didn't know how this mistake about Ms P's property type was made. I don't know that for sure. But I would like to reassure Ms P that I just don't think it's likely that she was the source of this mistake. There's nothing at all here to make me think she gave Primis incorrect information. And it doesn't seem likely to me that she would make a mistake like this about the type of property she owns.

But, more importantly, I said in my provisional decision that even if this mistake didn't originate with Primis (which I said in my provisional decision was possible – it may have been a mistake in the data Primis received from elsewhere) I would still say that it's most likely Primis was responsible for this incorrect information being passed to the lender.

Ms P said she would, if she'd not been wrongly advised, have explored other lending options. I appreciate that Ms P has lost the opportunity of securing lending elsewhere, including perhaps an increased amount. But I also think it's likely that Primis recommended the lowest rate it thought it could secure for Ms P. I don't think it's likely Primis would have recommended the lender it actually applied to, if the other lender that Ms P has mentioned now had a lower rate available.

So I've considered what Ms P has told us now, about another lender she could have approached at the time. But I still think it's most likely that Ms P could not have secured a rate as low as the one Primis tried to get for her, which she unfortunately never qualified for, because of the type of property she lives in.

Ms P wanted me to calculate her losses on a different basis. She wanted me to base any award on that lower interest rate which she was wrongly offered, as well as the higher borrowing amount she initially wanted. But when our service works out the impact of a mistake, we look at what would have happened if that mistake wasn't made. Here, if Primis hadn't made a mistake, Ms P still wouldn't have got a rate as low as 2.55%. She just never qualified for that.

I did consider carefully what I thought was most likely to have happened in this case, if Ms P hadn't been wrongly advised, and given false hope that she might secure a rate as low as 2.55%. Importantly, my decision wasn't that Ms P couldn't have got this extra lending, as Primis suggested. Rather, I thought that Ms P would have been likely not to pursue extra borrowing (which she's told us she was only interested in because of the 2.55% rate, which she described as extremely favourable). In short, if she couldn't get that low rate (which we now know she couldn't) I don't think she'd have borrowed the extra money.

What I thought was most likely to have happened, if Ms P hadn't been misadvised, was that she would have been most likely to remortgage with her existing lender. But, crucially, I thought she would have done this rather sooner, and thus got a lower rate. So that's why I asked Primis to make a payment based on the difference between the rate Ms P did secure with her pre-existing lender, of 3.69%, and the one she could have secured with that lender earlier, of 2.99%.

I still think that payment, plus a refund of the broker's fee charged, provides a fair and reasonable outcome to this complaint. For the reasons set out above, 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 work out the difference between the monthly payments on the mortgage Ms P secured in August 2022, at a rate of 3.69% fixed from 1 September 2022 until 30 November 2032, and what she would have paid if this same lending was at a fixed rate of 2.99% throughout that period. And First Complete Ltd trading as PRIMIS Mortgage Network should then pay her that difference, as a lump sum.

First Complete Ltd trading as PRIMIS Mortgage Network must also refund the broker's fee of £250 that Ms P paid.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms P to accept or reject my decision before 30 October 2023.

Esther Absalom-Gough
Ombudsman