

## **The complaint**

Mr Y and Ms L's complaint is about a mortgage application they made with the assistance of Connells Limited. They are concerned that the amount the lender ('Lender H') offered in September 2022 was less than the amount it offered when the application was originally considered earlier that year. They've raised that when the application was amended, they were told not to include Ms L's income as it might affect the outcome of the application, but the outcome changed anyway. They were offered borrowing of around £40,000 less than they had wanted and £25,000 less than they had previously. They believe this would not have been the case had Ms L's income been included in the amended application.

In addition, some incorrect details included in the original application for Ms L, and Connells failure to change their address when they moved shortly after, meant that Lender H changed her contact details on other accounts she had with it, and correspondence was issued to an incorrect address and text messages were sent to an incorrect telephone number.

Mr Y and Ms L asked that they receive a 7% return on the additional £40,000 they had to put down as a deposit as that money would have remained invested and £1,500 for the distress they were caused. In addition, Mr Y and Ms L have asked for £4,000 compensation for the issue relating to Ms L's contact details.

## **What happened**

Mr Y and Ms L initially contacted Connells in the spring of 2022 for assistance in arranging a mortgage. At the time Ms L was not working and so the application was submitted with the only income being Mr Y's. The application was accepted and a mortgage offer of slightly less than £336,000 was made in May 2022.

On 6 June 2022 Mr Y contacted Connells and told it that some of the details contained in the customer details file attached to the mortgage offer email were wrong. They asked Connells if it could help correct this or if they needed to approach the lender directly. I note from the information Lender H has provided, it also questioned the information Connells had provided, as it didn't match information it already had. Connells has confirmed it was aware that details were wrong, but before it had taken action to arrange corrections, Mr Y and Ms L told it they had decided not to go ahead with the purchase. As such, Connells didn't take any action because the mortgage wasn't going ahead. Connells file confirms the residential address for both Mr Y and Ms L had not been updated when they moved in the spring of 2022, following the first application. In addition, the email address and mobile phone number for Ms L was incorrect.

In September 2022 Mr Y and Ms L found a new property to purchase. The purchase price was higher than that of the previous property. They returned to Connells for further assistance. They wanted to increase the borrowing to £350,000. It is recorded on Connell's records that as interest rates had risen the best thing for them to do was to amend the existing application to keep the interest rate product on the borrowing already agreed and apply for the increased borrowing they wanted, using a then current interest rate product. The application amendment was submitted on 23 September 2022. However, as the form

Connells completed didn't include all of the customer information fields, it didn't correct the information it had been told was wrong in June 2022.

Lender H requested further information, and a valuation was completed on the new property. The amended application was assessed on 6 November 2022. Lender H reduced the amount it would lend to just over £310,000. This was because the interest rate product Mr Y and Ms L had applied for would end within the five-year period Lender H assessed affordability over. As the reversion rate was significantly higher at that time, the affordability of the mortgage was stressed, and so it offered to lend less.

Mr Y and Ms L were told about this and asked if they wanted to continue with the application. Connells' notes record that they decided to continue as interest rates had increased significantly since the original offer had been issued. This was confirmed to Lender H and it again asked for some more information. The mortgage offer was issued on 15 November 2022. The mortgage completed on 13 February 2023.

Lender H confirmed to Mr Y and Ms L that it altered the property address, contact number and email address for Ms L in November 2022 to the details contained in the mortgage application because they differed from those it already held. The address was changed back to the one they lived in at the time of the original application.

Ms L corrected her details on 26 December 2022, but by that time a savings account statement had been sent to an incorrect address. Text messages were also sent to the incorrect mobile number regarding a banking facility. Lender H paid Ms L £500 compensation for the error and a further £25 to cover a CIFAS Protective Registration.

Mr Y and Ms L complained about Connell's handling of their application. Connells responded to the complaint on 18 May 2023. It set out what had happened and confirmed that Lender H had decided how much it would lend on the second property. Mr Y and Ms L had been asked if they wanted to proceed on that basis, and they had. As for Ms L's income not being included in the application, Connells confirmed that Lender H's criteria meant that it would only accept income for an application if there was evidence of twelve months' employment, which Ms L was unable to provide. Connells apologised if this had not been made clear to Mr Y and Ms L.

In relation to the information errors contained in the application, Connells apologised that these had not been corrected when they were highlighted to it. However, it said it couldn't be responsible for what Lender H had done with that incorrect information. Connells upheld the complaint about this issue and offered Mr Y and Ms L £750 and a refund of the £99 administration fee they had been charged, in order to compensate them for the upset and inconvenience they'd suffered.

Mr Y and Ms L didn't accept Barclays offer or its answer to their complaint. They referred the complaint to this Service.

One of our Investigators considered the complaint, but he didn't recommend that it be upheld.

Mr Y and Ms L didn't accept the Investigator's view of their complaint. They repeated that they had told Connells in September 2022 that Ms L had started work. Mr Y and Ms L highlighted that the regulator required Connells to create records and keep them for three years, and the reason it had no record of being told Ms L was working, was because of a failure in fulfilling that obligation. In addition, Mr Y and Ms L also put forward that when they contacted Connells again when they found another property they wanted to buy, it should have reassessed their financial status, including their household income, to evaluate the

suitability of the mortgage it had previously recommended. Such a reassessment was not completed and so it was not fair that they have to bear the consequences of Lender H's assessment of their altered application.

Mr Y and Ms L also provided an email dated 2 November 2022 from Connells, in response to them chasing for the mortgage offer, that said their application was in a queue to be assessed. They said that by the time their application was processed, Ms L would have fulfilled Lender H's requirements for length of employment. As such, they remained of the belief that if Ms L's income had been included in the application, the amount Lender H was willing to lend them would have remained the same and they would not have had to fund the extra from their investments. The Investigator responded to Mr Y and Ms L's comments, but he didn't change his view of the complaint.

Mr Y and Ms L remained unhappy with the Investigator's conclusions. They expanded on their earlier comment about what they believed should have happened. As agreement couldn't be reached, it was decided the complaint would be referred to an Ombudsman for further consideration.

### **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.

Mr Y and Ms L believe that Connells made a mistake with their application which caused them to surrender an investment to fund their house purchase, which they otherwise wouldn't have needed to do. This caused them to lose investment growth on the additional funds and added to the normal stresses associated with buying a property.

Initially I would confirm that Mr Y and Ms L are correct that all financial businesses are required to keep records. However, that doesn't mean that businesses have to keep recordings of telephone calls, so the fact that Connells doesn't have any recordings of the discussions it had with them doesn't mean that it has done anything wrong.

Mr Y and Ms L have also put forward that Connells should have completed a full review of their needs and circumstances when they approached it again in September 2022. I am sorry to disappoint them, but that would not be expected. All that would have been expected was confirmation being sought about any material changes to their needs and circumstances that would affect the advice that had previously been given. It would only be if there had been material changes that would affect the suitability of the advice that had previously been given that a new advice process would have been required.

Mr Y and Ms L are adamant that Connells was told that Ms L was employed when the application amendment was made. The mortgage adviser has said that he doesn't remember being told that. To uphold this part of the complaint I must be persuaded that Mr Y and Ms L's recollection of events is more likely than Connells'. Unfortunately, there is no call recording available, which would have cleared up the question. However, I would first comment that there was no reason in September 2022 for Mr Y and Ms L to be concerned that they would be offered less borrowing than had previously been agreed based on Mr Y's sole income.

I also note that when Lender H's reduced offer was put to Mr Y and Ms L to see if they wanted to progress on that basis, the matter of Ms L's income not being included previously, or then potentially being included in the application, was not raised. Even in a situation where the broker had recommended not to include the income for the reasons Mr Y and

Ms L have said they were told, I would have expected it to have been raised again at this time, given the issue was affordability. Furthermore, given that Connells clearly wanted the application to progress, if it was aware of an income and it thought there was any possibility it could be taken into account, I think it reasonably would have at that point raised its inclusion. There is nothing in the email exchanges at that point that indicates any mention of Ms L's income from any of the parties. Overall, while I don't doubt Mr Y and Ms L's recollections are genuine, I can't find they are *more* persuasive than the evidence Connells has provided. So I can't uphold this part of the complaint.

There have been discussions about whether Ms L's income could have been taken into account when the application was amended. I don't propose to comment further on that issue as it would only be relevant if I had concluded that Connells was aware of that income when the application was amended in September 2022, which I have not.

As for Mr Y and Ms L's claim for lost investment returns on the additional money they had to find for the purchase of the property due to Lender H offering less than they anticipated or wanted, I don't consider Connells can be held responsible for this loss. As I have said above, I can't find that Connells did anything wrong that led to the second offer being for less than the first or the amount wanted. Mr Y and Ms L chose to move ahead with the mortgage offer Lender H was willing to make. That was a decision they were entitled to make, and they did so understanding the consequences to their finances.

In relation to the matter of the changes to Ms L's contact details, it is not disputed that Connells didn't update her address and that it gave an incorrect email and mobile phone number on the first application. I can understand why, when Mr Y and Ms L decided not to proceed with the application that Connells didn't take further action to change the incorrect details. While Connells was responsible for providing incorrect information, it was not responsible for what Lender H did with it. It was Lender H's decision to change Ms L's contact details on its records relating to the banking products she had with it and it was its responsibility to make sure any amendments it made were correct. I would also comment that Connells may have been acting on Mr Y and Ms L's behalf in relation to the mortgage application, but it didn't have their authority to access or make any changes to any of their other products. As such, I am not persuaded Connells should pay eight times the amount of compensation Lender H did, as they have requested.

Connells has apologised for its error and offered £750 compensation and to refund the administration fee that was payable. Having considered the offer, I am satisfied this is appropriate and proportionate compensation in the circumstances. Had Connells not already offered this amount, I would not have ordered it to do more.

### **My final decision**

Connells Limited has already made an offer to pay Mr Y and Ms L £849 to settle the complaint and I am satisfied this offer is fair in all the circumstances. As such, my final decision is that Connells Limited should pay £849 in full and final settlement of this complaint.

Under the rules of the Financial Ombudsman Service, I am required to ask Mr Y and Ms L to accept or reject my decision before 4 April 2024.

Derry Baxter  
**Ombudsman**