

The complaint

Mr L and Mrs V complain that Home in One Financial Services Limited (Home in One), failed to treat them fairly when it acted as the broker when arranging a mortgage for their new home.

What happened

This complaint has been ongoing for some time and the facts are well known to both Mr L and Mrs V as well as Home in One, so I've only summarised the key details below.

Mr L and Mrs V asked Home in One to help them with their mortgage needs when they were moving home. They had an existing mortgage with their current lender, (Lender A) and wanted to port this mortgage as well as take out some additional borrowing to help complete the purchase of the new property. An application was first made in September 2021. This was for a loan amount of £449,000 with a property purchase price of £625,000. An offer was issued by Lender A in October 2021 and was valid until 25 April 2022.

Unfortunately the property Mr L and Mrs V had hoped to purchase did not progress as expected, this meant they needed to find a new property. In March 2022, Mr L and Mrs V spoke with Home in One about their options and affordability for a new property they'd found for a higher purchase price of £650,000.

Home in One said Lender A was no longer an option as it couldn't lend what was needed. It suggested a new application with Lender B. Mr L and Mrs V accepted this advice and paid a valuation fee for the application with Lender B. However, they were concerned that Home in One had done everything it should have after previous concerns about the process and questions being answered, so they contacted Lender A directly to ask whether it could provide the borrowing required for the new property.

Lender A said it was happy to transfer the original offer it made to the new property and it reissued the mortgage offer for £449,000 with the amended property details.

When Mr L and Mrs V completed on their new property, there was a shortfall on the total amount needed and they had to borrow money from family at short notice to ensure the transaction could be completed. They feel Home in One failed to provide the correct advice on the moving costs and caused this issue.

Our investigator looked at this complaint and didn't think Home in One needed to do anything else. He didn't think the broker was unprofessional in their communication, nor did he believe they'd done anything wrong when they made the recommendation they did. He felt there were other parties to the chain that should have reasonably informed Mr L and Mrs V of the moving costs. And it wouldn't be fair and reasonable to say that any issues on the day of completion with regards to this were the responsibility of Home in One.

Mr L and Mrs V disagreed with the investigator and they provided more explanation about why they don't feel the information put forward by Home in One was a true reflection of what was said to them at the time. They feel had it not been for their intervention and speaking to

Lender A directly they would have paid an early repayment charge (ERC) on their previous mortgage and have lost out by paying the valuation fee to Lender B.

Our investigator asked Home in One if it would consider making an offer to bring this complaint to a close. It offered to make a payment of £175 as a goodwill gesture as a resolution for the complaint. It said this was to cover the valuation fee that it believed to be £95 and £80 for the distress and inconvenience.

Mr L and Mrs V didn't accept this. The valuation fee paid was £100 plus a £3.99 fee for making the payment. The offer in their mind demonstrates the failings experienced throughout the mortgage process with Home in One with a lack of attention to detail and incorrect information being provided. On this basis they asked that the complaint be referred for decision.

I issued a provisional decision on this complaint on 6 November 2023. I explained I was planning on upholding the complaint and said the following:

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

I'm planning on upholding this complaint in part and asking Home in One to increase the offer it has made to put things right. I'll explain why I think there has been occasions when it has failed to do what I'd expect and why I think it is fair that it increases the award offered.

Mr L and Mrs V's complaint has a number of core components, the general service received from Home in One, whether it acted fairly when making a recommendation to make a new application to Lender B and whether it provided accurate information about the moving costs. I'll deal with each of these complaints in turn.

The service and information received.

Mr L and Mrs V have highlighted concerns they had with Home in One from the initial application stage. At this point Home in One provided illustrations for different mortgage options which included staying with Lender A and other options which meant moving to Lender B. During this process, Mr L asked specific questions about the cost and benefit of staying with Lender A over moving to Lender B. I don't think these questions, from the information provided, were fully answered. And while Mr L and Mrs V decided to make an application with Lender A and avoid the ERC which would have been charged had they moved, I think clearer information could have been provided as requested.

It is understandable why a lack of information at the start of this process left Mr L and Mrs V with concerns about the service they were receiving. This concern may well have benefited them in the long run with the actions taken to clarify the position of Lender A when the property changed, but I don't think this should take away from the fact that Home in One failed to answer their specific questions.

Mr L and Mrs V have also highlighted concerns about the general communication of the broker and questioned whether this was professional. I take on board their thoughts on this and whether it was as professional in tone and language as they'd have preferred. But on the whole, I don't think it would be fair to say there was a failing on this point.

The advice to move to Lender B.

There has been a great deal of back and forth on this point with discussion over why or whether, Home in One did speak with Lender A about the transfer of the mortgage offer to

the new property. I mean no discourtesy when I don't go into all of the detail here. While I have considered everything that has been provided, I've focused on what I believe the crux of this complaint point to be. This is, did Home in One act fairly and reasonably when relying on the information it did about the prospect of the mortgage offer with Lender A being transferable.

When Home in One first considered Mr L and Mrs V's options when they looked to change properties, they put their details into Lender A's affordability calculator. Based on this they told Mr L and Mrs V that the previous mortgage offer would not be an option. The total borrowing was showing as lower than before and so it said Mr L and Mrs V would need to consider making up any shortfall with their savings. I don't think Home in One was wrong when it said this – the affordability calculator didn't support that Lender A would provide the same amount of borrowing as before. So it was correct to inform Mr L and Mrs V of this.

But it hadn't asked Lender A whether the mortgage offer could be transferred and if this lower borrowing amount would reduce the mortgage offer.

The implications of Lender A not being able to provide the borrowing at the previous rate meant, if Mr L and Mrs V moved to a new lender, they'd incur an ERC. And as their existing mortgage was only a year into a five-year fixed rate, this would have been around £6000. It also meant a fee might be charged by Home in One when it wouldn't be the case if the application which was successful was for the port with additional borrowing – as eventually happened.

Although no fee was charged by Home in One, it still received a commission payment from Lender A for arranging the mortgage. So it was being paid for its services and the advice provided. And while I agree it didn't do anything wrong when checking with the affordability calculator as the starting point as to whether the offer could be moved in principle, I think it could have done more to confirm this was the case.

Home in One feels that Lender A may have gone outside of its normal process or made an exception for Mr L and Mrs V when they called to ask whether the mortgage offer could be moved to the new property. But even if it did, had Home in One contacted it and asked the same questions, the end result would have likely been the same. This might have resolved any questions about Mr L's income and car allowances which appear to have caused some confusion. I don't think it is an unreasonable expectation that a conversation with Lender A could have taken place to ask whether the offer could be moved to the new property. Instead it relied on the affordability calculator decision only and made an assumption based on this.

The advice to progress with Lender B was not unsuitable based on the information Home in One had – but as I've explained above, I think they could have done more to confirm with Lender A it wasn't an option.

As Mr L spoke with Lender A soon after the advice had been given to apply to Lender B, he became aware it was possible to move the mortgage offer to the new property. This meant the ERC would not be applicable, but a valuation fee had been paid to Lender B and I think it is fair that this is refunded. The mortgage details from Lender B confirm this fee was £100 and Mr L has said there was also a £3.99 transaction fee paid with this which should be refunded too.

The moving costs.

I appreciate Mr L and Mrs V moving day experience was more stressful than it should have been when it became apparent at the last hour that they were short by around £7000 for the completion. This would have clearly been a distressing experience but I don't think it would

be fair to say Home in One was responsible for this.

Mr L has explained that his solicitor was chasing for documents to confirm what costs needed paying by Mr L and Mrs V with the move. And conversations he'd had with Home in One and his broker led him to believe the borrowing they had in place could result in money coming back from the purchase over there being a shortfall. As Mr L and Mrs V had regularly overpaid their mortgage, despite moving to a more expensive property with the same level of borrowing as secured for the cheaper one, I can see why there was some confusion around the outstanding balance. But I think the conveyancing process should have confirmed this.

Although some of the costs associated with Home in One may not have been known by the solicitor completing the conveyance, these would have been minimal compared to what it would have been able to confirm itself or from Lender A. Lender A would need to have provided the redemption balance for the existing mortgage as this would be repaid before the loan is redrawn against the new property. The loan amount here would be inline with the mortgage offer which was issued on 7 April 2022 to Mr L and Mrs V. The equity from the sale, stamp duty and solicitors' fees are all things it would have been aware of and the only unknown would have been the estate agent fees. And I think had these known costs been considered, it would have been apparent there was a potential shortfall, even if the exact amount was not clear.

With this in mind, even if Mr L was led to believe by Home in One that he might not need to use any of his savings to complete the purchase, I can't say it is responsible for the shortfall not being known on the day of completion.

Overall though I do think Home in One could have been clearer on its communication with Mr L and Mrs V. It has caused inconvenience and distress when it failed to answer questions raised. The process of arranging a mortgage will always be stressful due to the nature and implications of it and the purchase, but I do think this inconvenience was added to by the actions of Home in One. It is right the inconvenience above what would normally be expected is recognised.

I think it could have confirmed with Lender A in more detail that the change of security wasn't an option over using the generic affordability calculator. When it failed to do this it meant Mr L and Mrs V paid an additional valuation fee and had it not been for Mr L speaking directly with Lender A, their out-of-pocket expenses could have been even greater.

To put things right, Home in One should refund the valuation fee paid to Lender B, including any transaction charges applied. This payment should be made with 8% simple interest added from the date the valuation fee was paid, until the date the refund is made.

It should also pay Mr L and Mrs V £150 for the communication failings during the process.

Home in One responded to the provisional decision to say it had nothing further to add.

Mr L and Mrs V responded to say they accepted the decision as a way to move forward and resolve this issue.

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 am upholding this complaint for the reasons set out in my provisional decision, copied above.

Putting things right

Home in One must do the following to put things right.

Refund the valuation fee paid by Mr L and Mrs V to Lender B, including any transaction charges applied. This payment should be made with 8% simple interest added from the date the valuation fee was paid, until the date the refund is made.

It should also pay Mr L and Mrs V £150 for the communication failings during the process.

My final decision

I uphold Mr L and Mrs V's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L and Mrs V to accept or reject my decision before 11 December 2023.

Thomas Brissenden
Ombudsman