

The complaint

Miss W's complaint is about delays she encountered during a re-mortgage application, made on the advice of an appointed representative of Mortgage Advice Bureau Limited (MAB). Miss W believes the delays meant she ended up having to apply to her existing lender for a new interest rate product, that had a higher rate associated with it.

In settlement of the complaint Miss W wants to be compensated for the increased mortgage payments she's having to make and for the stress and difficulties she has been caused.

What happened

Miss W approached MAB in the autumn of 2022 to assist her with her mortgage as she was concerned about rising interest rates and because the interest rate product on her existing mortgage was due to expire at the beginning of January 2023. MAB recommended a re-mortgage to Lender B. Miss W accepted the recommendation and provided MAB with the documentation Lender B needed for the application – the last of which was received by MAB on the afternoon of 7 September 2022. The application was submitted by MAB later that day, but after the end of the working day, so Lender B received it on 8 September 2022. An interest rate product of 3.69% for five years was to be added to the mortgage. This product was withdrawn on the day Miss W's application was submitted, but Lender B allowed the application to progress.

MAB made an error on the application form – it didn't document that Miss W's property was shared ownership. Lender B became aware the property was shared ownership on 16 September 2022 when it received the valuation report and emailed MAB about its error on 27 September 2022. MAB attempted to alter the application on 30 September 2022, but Lender B's system would not allow the alteration and resubmission. MAB tried to change the application again on 11 and 18 October 2022. MAB was unable to do so as the valuation had not only identified the property was shared ownership, but also that it was not worth as much as Miss W had estimated. MAB was not made aware of this at the time, and it wasn't told that this meant Miss W wasn't eligible for the interest rate product she'd applied for.

Barclays assisted MAB to resubmit the application on the correct ownership basis on 19 October 2022. This resulted in Barclays' system creating a new application.

After the application issues were sorted out, Lender B informed MAB that the interest rate product Miss W wanted had been withdrawn on the day MAB submitted her application. MAB was informed of this on 1 November 2022. It was also asked for a copy of Miss W's shared ownership documentation. Due to the issues at its end, Lender B agreed that the application could continue with the original product requested and gave MAB a code to submit that would allow this to happen.

On 19 November 2022, Lender B reviewed the valuation report again and informed the MAB the property had been valued at less than previously thought and so the loan-to-value for the property was higher than 85%. This meant that Miss W wasn't eligible for the interest rate product she'd applied for. Lender B told MAB she would either need to reduce the amount she had applied to borrow or select an interest rate product available for a 90%

loan-to-value. However, no products were available for mortgages on properties such as Miss W's with a loan-to-value of more than 85%.

Following MAB being told that Lender B would not give Miss W a mortgage of the amount she needed, it looked for alternatives for her. On 23 November 2022 it recommended Miss W take a new five-year interest rate product, providing a fixed interest rate of 5.2%, with her existing lender. This was applied to her existing mortgage on 1 January 2023. The application to Barclays was withdrawn.

Miss W complained about the delays that had occurred to both Lender B and MAB.

MAB responded to the complaint in an emailed letter of 19 July 2023. It said the application was submitted as soon as Miss W provided the information needed. It accepted it had made a mistake with the ownership type and this caused a delay of three days, but the reason Miss W couldn't have the interest rate she had wanted was because the property was down-valued and she was not eligible for it. MAB considered its adviser had done all they could to progress the application. As compensation for the error in the application relating to the ownership type, MAB offered Miss W £100 compensation.

Miss W wasn't satisfied with MAB's response and referred the complaint to this Service.

One of our Investigators considered the complaint, but he didn't recommend that it be upheld. He considered the compensation was fair in the circumstances.

Miss W didn't accept the Investigator's conclusions. She highlighted that when she was told to take a new product with her existing lender it had only taken 12 days to complete, but the application with Lender B took three months and multiple errors were made. This had resulted in her having to pay £200 more for her mortgage each month, and yet she had been offered only £500 in total from the two businesses involved.

The Investigator considered what Miss W said, but it didn't change his conclusions. She asked that both of her complaints were referred to an Ombudsman.

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.

It is clear that MAB made a mistake in the application – it completed the wrong form for the type of mortgage Miss W needed. However, it doesn't appear that this was the cause of the delays that Miss W considers have caused her loss. When MAB was made aware that it had made a mistake, it tried to alter the application within a few days. It wasn't able to do so, but not because of anything it did wrong. The problem was that Lender B's system wouldn't allow the application because of how much Miss W's property had been valued at, which MAB hadn't been told about at the time.

The valuation is ultimately why Miss W couldn't have the Lender B mortgage with the interest rate product she wanted, not any delays. Quite simply, she would never have been able to have the 3.69% product she applied for because of how much her home was valued at. That was not as a result of anything MAB did and it couldn't have looked for alternative options for Miss W until it had been made aware of that issue, which was not until 19 November 2022. Within a few days MAB had completed a new review of Miss W's options and had provided her with a new recommendation.

Overall, while MAB did make a mistake when it submitted Miss W's application, I don't consider it was responsible for the delays in the processing of her application to Lender B. As such, I am satisfied the offer of £100 compensation is fair and reasonable in the circumstances.

My final decision

Mortgage Advice Bureau Limited has already made an offer to pay Miss W £100 to settle the complaint and I am satisfied this offer is fair in all the circumstances. As such, my final decision is that Mortgage Advice Bureau Limited should pay £100 in full and final settlement of this complaint.

Under the rules of the Financial Ombudsman Service, I am required to ask Miss W to accept or reject my decision before 7 June 2024.

Derry Baxter

Ombudsman