

The complaint

Mrs C has complained about poor service she received from AC Finance Ltd (ACF), an appointed representative of Personal Touch Financial Services Ltd trading as PRIMIS Mortgage Network (PRIMIS).

To settle the complaint, Mrs C would like PRIMIS to reimburse her financial losses, and pay compensation for the distress and inconvenience caused to her.

What happened

I do not need to set out the full background to the complaint. This is because the history of the matter is set out in the correspondence between the parties and our service, so there is no need for me to repeat the details here. In addition, PRIMIS has fully accepted the errors made by ACF and has agreed to pay compensation, so I don't need to analyse the events in detail in order to ascertain who is at fault. All I need to decide is what PRIMIS needs to do to put things right.

Finally, our decisions are published, so it's important I don't include any information that might lead to Mrs C being identified. So for these reasons, I will instead concentrate on giving a brief summary of the complaint, followed by the reasons for my decision. If I don't mention something, it won't be because I've ignored it; rather, it'll be because I didn't think it was material to the outcome of the complaint.

Briefly, in March 2023 Mrs C approached ACF to arrange a mortgage for her. The broker had been a personal friend of hers for many years and she trusted him completely. ACF led Mrs C to believe a mortgage application had been submitted to Santander and was progressing. However, this wasn't the case, and Santander had closed the application because it had been submitted for a standard residential mortgage, when Mrs C needed a shared ownership mortgage. Santander's requests to ACF for further information about this had gone unanswered.

In the meantime, Mrs C instructed solicitors and in June 2023 paid them a £25,000 deposit in anticipation of an imminent exchange of contracts. It wasn't until September 2023 that Mrs C discovered the true position, even though ACF had told her several times that a mortgage offer from Santander was imminent.

After Mrs C complained to ACF, the firm's principle stepped in and arranged a shared ownership mortgage for her with Nationwide within 11 days, and Mrs C was able to complete her purchase shortly afterwards. However, this mortgage was at a higher rate of interest than the mortgage she'd have been able to get if an application had been made to Nationwide in March 2023.

Mrs C's complaint to PRIMIS wasn't responded to, and so she raised it with our service. PRIMIS then issued a final response. On behalf of ACF, PRIMIS accepted responsibility for

the errors made and agreed to put Mrs C back in the position she'd have been in had the mistakes not been made, as follows:

- PRIMIS calculated that the difference in interest Mrs C would pay on the five-year fixed rate mortgage interest product she took out (5.35%) as opposed to the one she should have had in March 2023 (4.19%) was £2,121.58.
- PRIMIS also agreed to pay Mrs C £220 for the net interest she could have earned on the £25,000 she deposited with her solicitors from June 2023.
- PRIMIS also agreed to pay Mrs C £500 compensation for distress and inconvenience.

PRIMIS didn't uphold Mrs C's claims for compensation for the increased cost of broadband after she'd had to cancel the contract and re-book it.

An Investigator looked at what had happened. He agreed with the financial redress for the additional interest on the mortgage Mrs C would pay, and for the loss of interest on the deposit funds Mrs C had paid to the solicitors. However, the Investigator thought PRIMIS should pay compensation of £750 for distress and inconvenience.

Both Mrs C and PRIMIS disagreed with the Investigator's outcome. Mrs C didn't think the award for distress and inconvenience went far enough, and PRIMIS thought it was excessive, compared with other similar cases our service had dealt with.

Because the matter is unresolved, it therefore falls to me to issue a decision.

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.

The core issue in this complaint – the failure of ACF to arrange a mortgage, causing financial loss to Mrs C – is not disputed. I'm satisfied the award PRIMIS has offered for this to compensate Mrs C for the additional interest she'll pay on her new mortgage is fair and reasonable in all the circumstances.

I'm also satisfied that it's fair that PRIMIS compensates Mrs C for the interest she could have earned on her £25,000 deposit if she'd not paid it over to the solicitors in June 2023.

The only issue is the amount of compensation PRIMIS must pay for distress and inconvenience. PRIMIS considers £500 to be sufficient and the £750 recommended by the Investigator to be excessive. Mrs C doesn't think £750 is enough for the upset she suffered.

I've thought carefully about this, and given careful consideration to everything both parties have said. Having done so, I am satisfied that an award of £750 is fair, reasonable and proportionate in all the circumstances. I say this for the following reasons:

- Mrs C was repeatedly lied to over a six-month period by someone she considered to be a trusted friend;
- she was caused considerable inconvenience, after ordering furniture and services for her new home, by having to cancel the orders several months later;
- plans Mrs C had made for holidays and for visits from friends had to be cancelled;

- significantly, Mrs C was in danger of losing the property as the developer was intending to put it back on the market if she wasn't able to complete quickly.

I'm satisfied that all these things combined – and particularly the fact that Mrs C's trusted friend misled her over a period of many months – have caused Mrs C substantial distress and inconvenience. In the circumstances, I think an award of £750 is justified. Whilst I've noted PRIMIS's comments about other decisions we have made, we look at cases individually, and in the specific circumstances of this case, I think £750 is appropriate compensation.

Putting things right

I direct Personal Touch Financial Services Limited trading as PRIMIS Mortgage Network to pay Mrs C the following amounts:

- £2,121.58 for additional interest on her new mortgage;
- £220 for net interest on her savings;
- £750 for distress and inconvenience.

My final decision

My final decision is that I uphold this complaint. I direct Personal Touch Financial Services Limited trading as PRIMIS Mortgage Network to settle the complaint as detailed above. I make no other order or award.

This final decision concludes the Financial Ombudsman Service's review of this complaint. This means that we are unable to consider the complaint any further, nor enter into any discussion about it.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs C to accept or reject my decision before 7 October 2024.

Jan O'Leary
Ombudsman