

The complaint

Mr B complains that his mortgage application was handled poorly by his broker – Fluent Money. He's unhappy with the service he received and feels Fluent Money caused unnecessary delays to his application.

Fluent Money is a trading name of Fluent Mortgages Horwich Ltd which is an appointed representative of Mortgage Advice Bureau Limited (MAB). For simplicity, I'll just refer to MAB going forwards.

What happened

On 6 April 2023, Mr B approached MAB regarding a potential re-mortgage on his residential property. His existing rate was due to expire on 2 June 2023, so he was looking to see if MAB could help him obtain a new deal and include further borrowing to help fund the purchase of a buy to let (BTL) property.

Throughout April, May and June 2023 Mr B, MAB and a lender were discussing the information required for Mr B's application to proceed.

In May 2023, Mr B's property valuation returned a lower value than expected and therefore MAB found a new product which took into account the higher loan to value (LTV) with the same lender.

In June 2023, the lender declined the application for affordability reasons – namely the financial liability attracted by Mr B's rental properties.

MAB arranged for a new application to be made for Mr B with a different lender. Mr B has told us that mortgage completed on 3 July 2023.

As Mr B's existing mortgage deal expired on 2 June 2023, he paid the standard variable rate (SVR) for the period in between the end of his previous deal and the inception of his new one. As a result, his mortgage payments were higher than he anticipated during this time.

In July 2023, Mr B complained to MAB. He set out a timeline of events which he said demonstrated that MAB caused unnecessary delays to his application and provided an overall poor service. He said that he had paid around £800 more in July than he should've done due to being on the SVR. He said that in order to put things right, MAB should compensate him by paying him the equivalent it earned as commission for arranging his mortgage, which was around £1,300 and cover the £800 extra paid whilst on the SVR.

On 25 July 2023 MAB sent its final response to Mr B's complaint. MAB acknowledged that it had failed to meet Mr B's expectations. It concluded that, although some minor errors had been made by its staff along the way, MAB hadn't caused any significant delays to Mr B's application. Mr B disagreed and referred his complaint to our service.

One of our investigators looked into Mr B's complaint. He said that MAB had made several errors which caused delays to Mr B's application. In particular he highlighted that MAB told

the lender that properties held by a Limited Company were held in Mr B's personal name, MAB didn't accurately explain what information the lender wanted in regard to these BTLs and that MAB failed to submit correct information in its application to the lender. He said that, if MAB hadn't delayed things, the lender would've declined Mr B's application sooner and he would've been able to take a product with his current lender sooner and before he started paying the SVR.

Our investigator recommended that MAB should pay the difference between what Mr B paid whilst he was on the SVR and what his new mortgage payments are. And he said that MAB should pay Mr B £200 compensation in recognition of the distress and inconvenience caused. Our investigator also said that MAB should contact Mr B's new lender to find out if Mr B could've achieved a lower rate on his mortgage if he'd applied a month earlier. And if so, MAB should also compensate Mr B for the subsequent loss.

Mr B accepted our investigator's view, but MAB didn't. MAB said that the lender specifically asked for information relating to the BTL's held by the Limited Company. It said that, although the properties were owned by the Limited Company, Mr B holds personal guarantees over them and therefore it was reasonable for the lender to ask for this information. MAB said that when it asked for information, it was only relaying requests from the lender, and so it didn't agree that its information requests were inaccurate. In terms of what our investigator said about incorrect information in the application, MAB accepted that there was an instance where it got the loan amount wrong on Mr B's application, but it didn't feel this caused a delay or detriment. And MAB didn't agree with our investigator that it had incorrectly noted the security address in the application.

As MAB didn't accept our investigator's view, it asked for an ombudsman to review this case and make a final decision.

I reviewed the case and felt it should be resolved differently to the outcome recommended by our investigator. As such, I issued a provisional decision, an extract of which is below:

"This wasn't a straightforward mortgage application. Mr B wanted to re-mortgage his residential property but also apply for further borrowing to fund the purchase of another BTL property. Mr B's financial circumstances were also quite complex. He had several income streams, including self-employed income, and an existing BTL portfolio with some properties held personally and others under a Limited Company.

With that in mind, I wouldn't consider it unreasonable if an application such as this were to take longer than a simpler one. I say that because the lender is likely to ask more questions in order to satisfy itself that the application meets its attitude to risk. The lender didn't just have to think about Mr B's residential property, but it also needed to be satisfied that the additional borrowing would be used in the way Mr B said it was intended. Additionally, as Mr B had a number of BTL properties, there was more for the lender to think about in terms of affordability.

MAB told Mr B that once it's received the information it needs, the general timescale for a re-mortgage application to complete is between 4-6 weeks. It gives no guarantee of this though. And it did later tell Mr B that the lender couldn't give a timeframe as to when his application was likely to complete. So, I think MAB was clear at the outset that there was no guarantee that Mr B's application would complete in time for the expiry of his current mortgage deal.

In this case, I'd expect the application to have taken longer to complete than most given its more complex nature. How long an application takes will also depend on the

lender and how much information it needs to see in order to satisfy its attitude to risk. This will vary from lender to lender and the broker has no power over this.

Mr B initially contacted MAB on 6 April 2023 to begin the application process. The application was declined at the beginning of June 2023. So, overall, the application process took around 8 weeks from start to finish. On the face of it, I don't consider this to be overly excessive in the circumstances. So, what I've then gone on to consider is whether MAB unnecessarily caused delays to the progress of Mr B's application.

MAB has accepted that there were some instances where it could have done better. It said that on one occasion, Mr B received requests from two different advisers asking for the same information. MAB also accepted that following a conversation on 16 May 2023, when Mr B decided to accept an alternative product with the same lender, the case manager didn't amend the loan amount correctly on his application.

MAB agreed that it made mistakes here, but it said that these errors didn't significantly impact the progress of Mr B's application and there's no evidence that delays were caused as a result. So, I've thought about whether or not I agree with MAB regarding the impact of these mistakes.

In April 2023, it appears MAB asked Mr B for information he had already provided it with – regarding his tax calculations and bank statements. It also asked him for a mortgage offer for the BTL property he was looking to purchase – even though Mr B had already said that he was awaiting the outcome of the application before committing to the purchase of the other property. I can appreciate why this may have been frustrating for Mr B. That said, at the time of the duplicate requests, MAB also requested information that it hadn't yet been sent – such as trading accounts and an EWS1 form. So, whilst I appreciate there was some inconvenience to Mr B, I don't think the duplicate requests ultimately caused any significant delay.

As I've mentioned, MAB told Mr B that a re-mortgage application would usually take around 4-6 weeks to complete once all the necessary information has been received. So, it's also important to note that, at this stage, MAB was still gathering information requested by the lender before the application could be assessed. And the lender also needed to instruct a valuation of the property. Once this was done, the application was submitted to the lender in May and that is when the usual 4-6 week timescale would begin (notwithstanding that I don't think it's unreasonable for the application to have taken longer to assess than this in the circumstances).

MAB accepts that it didn't correctly amend the loan amount following a conversation with Mr B about an alternative product on a higher loan to value (LTV). But MAB says there's no evidence to suggest that this adversely impacted Mr B's application.

I can see that around this time and up until the beginning of June, the lender was still asking questions about Mr B's BTL properties, particularly those with his Limited Company. As such, it doesn't appear the lender was in a position to provide an answer regarding the outcome of the application in any event as it needed more information before doing so. With this in mind, I agree with MAB that it doesn't appear this issue significantly impacted the progress of the application. That said, I appreciate it would have been distressing and frustrating for Mr B to discover that MAB had entered the wrong loan amount.

I understand that Mr B believes the main reason he feels his application was delayed was because MAB asked, on more than one occasion, for an offer document relating

to the BTL property he was looking to purchase. He says he told MAB from the outset that he wasn't going to commit to purchase the property until he knew the outcome of his application, so it wasn't possible to obtain this evidence.

He also believes that MAB shouldn't have told the lender about the two properties he held in his Limited Company name in the first place. And because it did, this confused matters.

While it was gathering information for the application, the lender asked MAB to obtain a copy of the mortgage offer for the property Mr B wanted to purchase. I've listened to a recording of a call which took place on 10 May 2023. This call was between MAB and the lender. MAB explained that it had provided all the information the lender requested apart from the above-mentioned mortgage offer. MAB said that it had been told several times by the lender that an offer wasn't needed for the BTL property, but then the lender continued to request it. MAB explained again that Mr B's decision to buy the BTL property hung on the outcome of his residential mortgage application and the additional borrowing. MAB said that Mr B had a decision in principle (DIP) but not an offer. Nevertheless, the lender confirmed that it would still need the offer document it had requested.

Mr B was anxious of time and had been calling and speaking to the lender himself. He explained to MAB that he was told by the lender that it didn't need an offer for the BTL property he was looking to purchase. And MAB shouldn't have included the Limited Company BTLs in his application as they were not held in his personal name. And therefore the lender told him that the information it requested regarding the two BTLs was not needed.

On 15 May 2023, the lender told MAB that it still needed information regarding Mr B's BTL property and confirmation of what Mr B wanted to do following the down-valuation of his residential property (he was still discussing this with MAB at the time).

On 17 May 2023, the lender called MAB. I've also listened to this call recording. The lender asked if MAB had input all of Mr B's BTLs on his application. MAB confirmed it had. The lender said that, in these circumstances, the correct process was for MAB to keep Mr B's Limited Company BTLs on the application but remove the monthly mortgage amount. MAB subsequently said it would amend the application accordingly.

Also during this call, MAB again questioned the lender's request to provide an offer document for the property Mr B wanted to buy with the additional borrowing. MAB repeated that Mr B couldn't obtain an offer until the outcome of his application. The lender said that it would ideally want to see an offer or at least a memorandum of sale. This is because the lender would want to be satisfied that the additional borrowing was definitely going to be put towards a BTL property.

On 25 May 2023, the lender asked for more information about Mr B's Limited Company BTL properties. It asked for an offer or annual mortgage statement to prove the mortgages weren't held in Mr B's personal name and that they were BTL mortgages and not residential or subject to a consent to let agreement.

MAB continued to query the situation regarding the Limited Company BTLs with the lender via email. There was confusion about whether or not the BTLs needed to be included on the application. On one hand, the lender told MAB to include them, but

on the other, Mr B believed the lender had told him that they didn't need to be included. MAB needed to clarify this.

The lender said that, if there was a personal guarantee in place, then the Limited Company BTLs would in fact need to be included. But the contact MAB was speaking to didn't appear to be sure of this themselves, as they said they would check with a policy manager and then an underwriter. It was also noted by the lender that it had removed the BTLs from the application, but it wasn't sure this was right as that would depend on whether Mr B was a personal guarantor.

After confirming with Mr B, MAB clarified that the BTLs were personally guaranteed. On 2 June 2023, the lender subsequently confirmed that the Limited Company BTLs did in fact need to be added back on to the application and this would therefore reduce the maximum loan available. The application couldn't proceed on this basis, so MAB sourced an alternative mortgage with another lender which completed at the start of July 2023.

There was clearly some confusion between MAB and the lender surrounding Mr B's BTL properties and what information was needed to satisfy the lender's criteria. And it wasn't helped by the fact that it appears Mr B may have been told something different by the lender to what MAB was told.

It isn't my role here to make a finding on the actions of the lender – as that isn't the subject of this complaint. So I need to consider whether MAB correctly passed on the lender's information requests and whether the confusion surrounding the BTL properties is understandable in the circumstances.

Having listened to the call recordings and read through the emails between MAB and the lender, I can see why there was some confusion. And I don't attribute the fault for this solely to MAB. Over the course of the application MAB requested the information that it understood the lender was asking for. And that is what I'd expect it to do. On a number of occasions MAB challenged the lender and asked to clarify why it needed particular information. And it passed on Mr B's concerns about the application's progress. It's also evident that the lender itself wasn't entirely sure how the application should be processed – demonstrated by the fact that it told MAB to include the Limited Company BTLs, then removed them, and subsequently added them again.

Mr B also said that the lender told him MAB had input his address wrongly in his application. Having looked at the application, it doesn't appear that MAB got this wrong. As such, I don't agree that MAB made a mistake here.

Altogether, I think that some compensation to Mr B is merited, as the repeated information requests and conflicting information he was getting was understandably frustrating and inconvenient for him. But I can't reasonably say that MAB needlessly delayed his mortgage application. It seems to me that MAB was trying to progress his application as quickly as it could and the confusion around what was needed in terms of the BTL properties was understandable considering its conversations with the lender involved.

Putting things right

I agree with our investigator that MAB should pay Mr B £200 compensation for the reasons I've explained.

However, I don't require MAB to pay the difference between what Mr B paid whilst he was on the SVR in June 2023 and what his new mortgage payments are.

My provisional decision

My provisional decision is that I uphold Mr B's complaint against Mortgage Advice Bureau Limited and I require it to pay compensation of £200."

The deadline for the parties to respond to my provisional decision has passed. MAB responded to say that it accepts the decision. Mr B has responded to say that he has no further evidence to provide but feels my recommendation of £200 compensation isn't high enough in the circumstances.

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.

Neither party has disputed the events I described in my provisional decision. But Mr B feels compensation of more than £200 is merited. So rather than repeat what I've already said about what happened, I'll just focus here on what Mr B has said and how much compensation I feel is appropriate in this case.

Mr B says that compensation should be awarded to him for the fact that failings were made, and not just compensation to reflect the impact of those failings – such as the distress and inconvenience caused.

It's important to highlight that our awards are not punitive. We don't seek to punish a financial business for any failings it may have made. Our compensation awards reflect the impact a mistake(s) had on an individual. For example, if a business makes a mistake, but there is minimal disruption to a customer's life, we might say that the business doesn't need to pay compensation. But if that same mistake had caused the customer some distress and inconvenience, we might say the business should compensate them for that. So, this is why we don't award compensation for the mistake itself, but we consider the impact of the mistake on the individual and whether an award is appropriate in the circumstances.

In Mr B's case, I accept that MAB did cause him some frustration due to the duplicate information requests and conflicting information he was given at times. But I'm satisfied MAB isn't responsible for any unnecessary delays which led Mr B to pay the SVR for one month when he hadn't anticipated doing so. The application didn't take any longer than I'd reasonably have expected it to. As such, when considering appropriate compensation, I don't think the distress and inconvenience MAB caused is significant enough to award more than my initial recommendation of £200.

My final decision

My final decision is that I uphold Mr B's complaint against Mortgage Advice Bureau Limited and I require it to pay him compensation of £200.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 29 August 2024.

Arazu Eid
Ombudsman