

The complaint

Miss G's complaint about Advance Mortgage Funding Ltd trading as PRIMIS Mortgage Network (AMFL) relates to the advice she received when taking out her first mortgage in 2021.

What happened

In September 2021 Miss G chose a mortgage broker RCP Ltd (the broker) who were the appointed representative of AMFL trading under a trading name of P. As she was a first-time buyer she relied upon their advice as to the most suitable product for her, which they said was a two-year fixed rate mortgage with NatWest, the rate being 1.43% fixed until 30/11/2023.

Miss G complains that the broker did not make her aware that she could have chosen other mortgage products, in particular she says she did not know there were longer term products she could have chosen as other options were not discussed with her. She feels she has missed out on being able to secure a longer three or five year deal fixed at 1.99%.

As mortgage rates increased significantly after Miss G took hers out, she feels AMFL have caused her a financial loss because once her two-year deal ended and her monthly mortgage payments increased, which they otherwise wouldn't have done.

AMFL accept that their broker gave advice to Miss G over the telephone on 20 September 2021. They have confirmed that RCP Ltd do not record telephone calls and have relied upon a Fact Find document (the Fact Find) completed that day and a Suitability Report (the report) to evidence that Miss G knew what she was getting and had not raised any objections to it.

Miss G was unhappy with AMFL's final response and so approached this service to see if we could assist in resolving the dispute. Our investigator thought that AMFL hadn't done anything wrong and had dealt with the complaint fairly. Miss G didn't agree and asked for the complaint to be passed to an Ombudsman for a final 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.

I know the parties have provided a lot more detail than set out in my summary, but I have focussed on what I see as the key issues, because it reflects the nature of our service. We are an informal dispute resolution service and an alternative to taking Court action. So, if I've not mentioned something then this isn't because I've ignored it, it's simply because I don't need to comment on every individual argument to be able to reach what I think is the right outcome.

Naturally, I have considered the views of both Miss G and AMFL and all the available evidence. Where evidence is not complete, I think about what is more likely to have happened in the light of the evidence which is available.

The accepted facts are that Miss G spoke to the broker on 20 September 2021 who completed a Fact Find. This shows that it was a 'Holistic' fact find and Miss G wanted to arrange a mortgage for the purchase of a new property. Beyond the acceptance that a Fact Find was undertaken and a report sent to her, Miss G disputes the broker's recollection of advice given and the accuracy of the recorded information in those documents. There is of course no recorded call for me to listen to which might verify either party's account, and I only have the documentation referred to, for me to consider.

On page eight of the Fact Find under the heading '*Determining the most suitable mortgage/mortgage types*' three questions are asked. The third question subdivides into three parts which I shall call (a), (b) and (c) - (a) what is important to you in regards to your mortgage payments, (b) how long do you feel is reasonable to be tied into a specific mortgage product, and (c) why has the specific tie in period been chosen.

Parts (a) and (b) appear to me to be questions that ought to have been asked of Miss G, but it is not certain they were. I say that because part (a) is not answered at all and so there is no evidence that the question was in fact asked. Part (b) does not record Miss G's direct response, although it does record the broker's recommendation and what the broker says was agreed, that being '*We have chosen two years as you would like to reassess circumstances at that point and potentially move, or change the mortgage term if budget allows. The two-year deal gives you more flexibility to do so.*'

This answer clearly suggests that the broker is saying Miss G had said she might move at the two-year point, but if this is to be accepted as accurate, then it directly contradicts the answer to the second question under this heading.

That question asked whether Miss G is likely to move home within the foreseeable future, to which the answer is recorded as 'No'. It seems reasonable to assume that within the context of home ownership, a period of two years would be 'within the foreseeable future.' And Miss G has confirmed that she had no intention of moving at that point. I can't be certain that this Fact Find has accurately recorded Miss G's needs and priorities.

Following the call Miss G was sent the Report dated 20 September 2021. The covering letter to the report states, '*This report provides you with a comprehensive summary of my recommendations, which were tailored to your specific needs, and priorities. These are based on the information provided by you and which I documented in our fact find.*'

This report then confirms that information had been gathered by the broker about Miss G and her finances as detailed in the Fact Find (page 2). The broker's recommendation was set out (page 4), that being a two-year fixed rate capital and interest mortgage with NatWest over 31 years, the fixed rate being 1.43% and reverting to the standard variable rate thereafter. It also records that the reason for choosing a period of two years in identical words to that set out in the Fact Find I mention above.

Miss G has said that there was no discussion about longer fixed rate mortgages, and there is no evidence in either the Fact Find or the Report that there was. Miss G was a first-time buyer and thus heavily dependent upon the skill and expertise of the broker, whom she was paying to provide an expert opinion and recommendation. I would have expected to see some record that these other options were discussed but there is none. And of course, there is no call recording to corroborate AMFL's view that there was.

AMFL have said that Miss G didn't raise an issue with the Report or Fact Find and if she had been unhappy with it she could have done so. That is true, but Miss G answers that criticism well, in stating that as she did not know that there were other potential fixed rate offers for longer periods, then she had no reason to question the advice given.

I agree with that. In my view there is no evidence which could reasonably support the contention that Miss G was provided with the necessary information to allow her to make an informed decision. Had she been given that information I think she might well have opted for a longer fixed rate deal. The Bank of England base rate had dropped at the beginning of the pandemic in March 2020 to its lowest rate in decades (0.1%) and the country was beginning to come out of the effects of the pandemic at the end of 2021. Although I suspect that Miss G is financially unsophisticated, AMFL are not, and given the extremely low rate of interest at that time, there must have at least been a question mark for them over when interest rates might rise.

It was in December 2021 that interest rates did then begin to rise on an almost monthly basis for the next 18 months. Whilst I accept Miss G nor AMFL could not have predicted the rise in interest rates I would have expected to have seen that AMFL, as the experts, had at least considered there was a likelihood given the then financial climate and then communicated that to Miss G within the context of alternative rates over the longer period.

So, I cannot place any great reliance on the Fact Find document as having accurately captured Miss G's specific needs and priorities, since she was not asked how long she felt was reasonable to be tied into a mortgage or what was important to her in regard to her mortgage payments. As such the broker's recommendation was not tailored to her specific needs and priorities. Had longer term products been discussed there is a good possibility Miss G would have taken one. I think it is more likely that Miss G would have opted for either the three or five year rate, so I invite Miss G to provide further representations as to which product she may have chosen and why. I also invite AMFL to provide details of the alternative fixed rate products which would have been available to Miss G in 2021 when she took out her two-year fixed rate deal.

Putting things right

I issued my provisional decision on 6 April 2024 inviting representations and further comments from both parties. AMFL replied disagreeing with my provisional decision raising a number of points which had previously been raised.

They confirmed that the 'majority of the advice' had been given over the phone, and of course I now know that calls weren't recorded. This advice is not therefore available to me. AMFL would like me to accept that there was a discussion with Miss G about other products and these were discounted during the call thus meaning there was no need to provide written advice about those products. AMFL have also quoted the broker's comments to them, which references notes on their internal system that the term length was discussed. I have seen no such notes despite AMFL having the opportunity to produce them if they wished. The broker has also made reference to their 'recollection' describing it as 'vague'.

AMFL's position appears to be that Miss G is now complaining with the benefit of hindsight and I am alive to that possibility. However, my role requires me to make findings on the balance of probability, which necessarily means that I must consider what is more likely to have happened. I cannot of course say with any certainty it would, only that it is more likely than not it would.

Having considered AMFL's further comments, there is nothing contained within them which would persuade me to change my provisional decision. Fundamentally there is a lack of

persuasive evidence that Miss G was advised of the existence of any other products. The fact find is incomplete and Miss G's own evidence I find highly credible and persuasive.

I asked Miss G to provide evidence and explanation as to what she would have chosen had she been given all of the options, and she is quite clear she would have chosen the longer five-year fixed term product, explaining (a) she has already spent two years in her home and fixed her mortgage for another two years, and (b) she is reliant on a single income and was in no position, then, now, or in the near future to be able to afford to move. I do therefore accept that it is more likely than not that Miss G would have opted for the five-year fixed rate deal.

My final decision

My final decision is that Advance Mortgage Funding Ltd shall.

- (a) calculate, and pay to Miss G the additional cost to her as a result of being unable to secure the best available five-year fixed rate mortgage instead of the two-year fixed rate she initially secured.
- (b) the calculation of the additional cost shall be the difference between the cost of Miss G's mortgage based on her two-year fixed rate of 1.43%, and on its expiration, 5.51% being the rate she renewed at, and set against the rate of interest for the best available five-year fixed rate mortgage she could have taken at the time she took out the two-year fixed rate mortgage.
- (c) pay Miss G £500 for the distress and inconvenience caused

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss G to accept or reject my decision before 3 June 2024.

Jonathan Willis
Ombudsman