

The complaint

Mr B complains he was misadvised by a broker working under the umbrella of Life's Great Limited trading as Mojo, because he was told he could change for a new rate right up until his reserved rate took effect. Mr B said he'd be better off now if this advice had been right.

What happened

Mr B told us his existing fixed interest rate on his mortgage was due to expire in early December 2023. So he asked Mojo to help him fix a new rate. Mr B told us Mojo had promised him he could cancel or move products any time before that rate started. Mr B said he accepted Mojo's recommendation to stay with his existing lender, because of this.

Mr B told us that when he asked his lender about changing his rate, close to the time that his reserved rate was due to be applied to his mortgage, it said he could only change if he'd contacted it 14 days before the rate took effect.

Mr B said he was now paying £843.95 per month, on a rate of 5.75% but he thought he could have secured a rate of 5.22% which would have reduced his payments to £792.66 per month, if he'd been able to switch to a new rate just before the reserved rate was applied. So Mr B said he would now have to pay £1,384 more over the fixed interest term.

Mr B thought he could have saved this if he'd been given correct information. So he wanted Mojo to pay this now. But it only offered £50, so he wanted us to look into things.

Mojo said it accepted that Mr B had been given incorrect information, but said it didn't think he'd lost that much.

Mojo ran through what had happened, saying it accepted Mr B was misadvised in November when he first approached it for mortgage advice. Mojo's broker recommended a deal with Mr B's existing lender. Mr B applied for this, and the rate was then reserved for him. Mr B spoke to Mojo again in mid-November, to ask if a better rate was available, and was told the rate reserved for him was the best available from this lender. Mr B then accepted the lender's rate online.

In early December, after his new rate was applied, Mr B contacted Mojo again because he thought the rate had dropped a number of times, and he hadn't been told about that. But Mojo said Santander's rate had only changed within 14 days of the date his reserved rate was due to be applied, and although Mr B could change his rate up until 14 days before the reserved rate took effect, once he was in the final 14 days, he was locked into this deal, and could no longer change.

Mojo said it understood Mr B would be disappointed because he'd been told something different, so it would pay £50 for that disappointment. But Mojo said it wouldn't pay Mr B the difference between the rate he got, and another rate that he was never entitled to.

Our investigator didn't think this complaint should be upheld. She noted that even if the broker had given Mr B incorrect information, the offer Mr B received did set out the true

position. That made clear that Mr B couldn't just change his mind and move to a different lender, after accepting the offer, and that Mr B could only switch if he was more than 14 days away from any reserved rate being applied. So Mr B was given the right information before he accepted the offer.

Our investigator said she thought it would be appropriate here to put Mr B in the position he'd have been in if he had been given the correct information. And that would not have secured the lower rate for him. It would just have meant he'd have realised the true position sooner. She thought £50 was fair for that.

Mr B didn't agree. He said if he'd been given correct information, then he could have considered other lenders. He didn't think £50 was enough for what had gone wrong here. But our investigator didn't change her mind. Because no agreement was reached, this case then came to me for a final decision. And I then reached my provisional decision on this case.

My provisional decision

I issued a provisional decision on this complaint and explained why I did propose to uphold it in part. This is what I said then:

I appreciate that Mr B was given incorrect information when he spoke to a broker about his mortgage. He says he was told then that he could change his fixed interest rate, right up until the date his new mortgage deal took effect. And Mojo accepts this happened. So Mr B was misadvised.

But I have to bear in mind that the offer sent to him by his lender, did set out the true position for Mr B. So he had been given the right advice, before he was committed to this mortgage deal.

However, a mistake was still made here. As our investigator said, our service tries to put complainants in the position they would have been in, if wrong advice hadn't been given. So she said, as Mr B was never entitled to the rate which was advertised on 21 November, it wouldn't be fair to ask Mojo to pay for that. I think that's right.

Mr B said that what he had been offered, fell far short of what he'd expected to be able to secure, and he said he would have looked elsewhere if he'd been properly advised.

If Mr B had been properly advised, then the broker would have said the same thing that the lender told him, in its offer. He couldn't just cancel, once the offer was accepted, but he could change to a better rate available from this lender, as long as he did so more than 14 days before this offer was due to be implemented.

I understand that Mr B wanted a better deal, and thought he was getting a better deal, but this is the offer he accepted.

Mr B has indicated he may have looked elsewhere, if he'd been properly advised by Mojo. So I think I should consider whether Mr B could have found a lender who really would let him cancel his deal altogether, or change to a different rate, right up until the new rate came into effect.

Once a customer accepts a fixed interest rate offer from a lender, it's not usual for that lender to allow the customer to just change their mind, and not go ahead. Setting up the

fixed interest rate deal on a mortgage does have a cost for the lender, and they would just lose that money if they let customers just decide against the deal. I don't think it's likely Mr B could have found a lender who would let him cancel at the last minute.

I also don't think it's likely that Mr B could have found an alternative lender who would allow him to change within 14 days of a booked rate being applied, either.

I want to pause here, to note something that Mojo said to Mr B in its complaint response letter. It said this –

“[this lender] does things differently to most other lenders and that is something that I need to explain to you. Although your rate is fixed, you do have the opportunity to change it if rates decrease. However, [this lender] do not allow any changes to the product in the last 14 days before the new rate is due to be applied to your account.”

So I could understand if Mr B thought that maybe, if he'd been properly advised, he could have looked elsewhere, and could have found a lender that would allow later changes to the rate secured. Mr B might then be on a lower rate, if he could have found such a lender.

But I don't think it's at all likely that Mr B would have been able to change his mortgage rate, within 14 days of the booked rate being applied, if he'd picked a different lender instead.

The Mortgage Charter was introduced in June 2023. It's an agreement between a large number of mortgage lenders (covering most mainstream lenders) and Government. And that Charter says two things about accepting offers for new fixed interest rates, which are relevant here. It says customers should still be able to change to any new rate offered by that same lender, in the months before the rate they've chosen takes effect. So if a lender reduces its interest rates, then the customers who've already signed up to the old rate can change to the new one.

But I also need to note that the Charter applies an important qualification to this. It also says – *“Rates must be finalised two weeks before the new term starts.”*

That's taken from the Charter itself. And this means all the lenders who have signed up to the Charter, would have treated Mr B's application in the same way, allowing him to change until 14 days before his booked rate was due to be applied.

So when Mojo told Mr B this lender *“does things differently to most other lenders”* I think that was wrong. Most lenders now do the same as this lender. And that means I don't think there was likely to be a notably better deal out there for Mr B, which would have offered him a good competitive rate, and still allowed him to change his rate right up until the reserved rate was due to be applied.

I've got to take that into account when I reach a decision here.

But I also think I ought to take into account that Mr B would be very disappointed to find he couldn't change his rate, when he'd clearly been told that he could. And I ought to take into account that Mr B was then told that this lender did things differently to other lenders, which may have left him worrying he'd missed out on a better deal elsewhere.

For the reasons set out above, I don't think it's likely Mr B did miss out on a better deal elsewhere. But I don't think the payment of £50 that Mojo offered provides appropriate

compensation for the mistakes it has made here, and the impact I think these had on Mr B. So I will ask Mojo to pay a total of £200 in compensation now.

It doesn't look as if Mojo has paid Mr B the £50 it previously offered, but I'll allow Mojo to count that towards the £200 I'm awarding, if it has.

I invited the parties to make any final points, if they wanted, before issuing my 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.

Mojo replied to accept my decision. Mr B contacted our service after the deadline, to ask if there was any update on a final decision. I understand Mr B has received the provisional decision, and I note he hasn't commented on it.

The position now appears to me to be that neither side wishes to offer any further evidence or argument. And I haven't changed my mind. So I'll now make the decision I originally proposed.

My final decision

My final decision is that Life's Great Limited trading as Mojo must pay Mr B a total of £200 in compensation. Life's Great Limited trading as Mojo can count towards that amount, any compensation it has already paid to Mr B for this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 9 October 2024.

Esther Absalom-Gough

Ombudsman