

The complaint

Mr and Mrs K complain that a mortgage broker working for Financial Goal Attainment Limited ("FGAL") didn't apply promptly for the mortgage they wanted, so this was withdrawn, and the broker applied for something else instead without telling them.

What happened

Mr and Mrs K were applying for a mortgage with the assistance of a broker working for FGAL. They said they had decided on the lending they wanted, a rate of 4.69% fixed for five years with a term of 35 years, offered by a lender I won't name here. On 19 June 2023 they asked the broker to apply for this mortgage for them.

The broker was out of the office that afternoon, and the application wasn't done the same day. The broker told Mr and Mrs K that he'd applied the next day, but then didn't tell them that the mortgage product they wanted had been withdrawn overnight.

The broker then went ahead and applied for a mortgage with a higher five-year fixed rate of 4.99%, with the same lender, and a shorter term, of 33 years.

Mr and Mrs K said not only was that done without their agreement, but they didn't find out about the changes until they received an offer from this lender, more than three weeks later. By the time they found out, rates had risen again, and Mr and Mrs K felt they were then committed to their purchase, so they didn't think they had any choice but to go ahead with this lending.

Mr and Mrs K complained to FGAL. They said they'd checked this wouldn't cause problems with their ongoing mortgage application before they made the complaint. But after they did this, FGAL then told them it would no longer be able to help them with their mortgage application. Mr and Mrs K were trying to get their lender to agree to a reduction in their lending at the time, and they needed FGAL to talk to the lender to agree that, so they said this was extremely stressful. FGAL only agreed to assist once they said they would withdraw their complaint.

Mr and Mrs K said that they were now paying more each month, because of what FGAL had done. They wanted FGAL to reimburse them for the additional amount they were paying each month on their mortgage.

In its final response letter, FGAL said its broker had acted to secure the best possible deal for Mr and Mrs K at the time. It wouldn't pay any of the difference in costs, it said that Mr and Mrs K hadn't yet taken out the mortgage. And FGAL said that it wouldn't help Mr and Mrs K with their ongoing mortgage application. It said this –

At this precise moment in time, due to the complaint that you have made, we cannot act on your behalf as has been pointed out. We cannot process the price variation nor conduct a new search.

Once the issue is resolved, we technically can. These are regulatory requirements not our own internal rules

When this complaint came to our service FGAL said it accepted that it could have provided clearer communication, and it apologised for that. It didn't think that Mr and Mrs K had been financially disadvantaged.

FGAL said Mr and Mrs K had confirmed on the afternoon of 19 June that they wanted to apply for the mortgage its broker had suggested, but unfortunately the broker was out of the office that afternoon, and the lender withdrew the offer overnight. FGAL said an application was made the next day. It didn't think it was unreasonable to take less than 24 hours to submit an application. It didn't think it was responsible for Mr and Mrs K missing out on the 4.69% interest rate. And it said the term of the mortgage was changed to fit with Mr and Mrs K's intended retirement ages, and the maximum borrowing term that this lender would allow.

FGAL did accept that it should have told Mr and Mrs K that the product they wanted had been withdrawn, and it didn't do this. It should also have sent Mr and Mrs K details of the product it had applied for, on their behalf. It thought that Mr and Mrs K should have found out what had happened before they got their offer on 13 July. FGAL said that this mortgage did mean extra costs for Mr and Mrs K, but this was still within their affordability, according to its fact find, and it said that Mr and Mrs K still chose to go ahead.

FGAL didn't comment on the statement in its final response letter, that it would not assist Mr and Mrs K, who were then in the middle of their property purchase, because of the complaint they had made. And it didn't offer Mr and Mrs K any compensation for the mistakes it had made.

Our investigator thought this complaint should be upheld. He didn't think FGAL had delayed in submitting Mr and Mrs K's mortgage application, so he didn't think FGAL was responsible for paying the difference between the rate Mr and Mrs K wanted, of 4.69%, and the rate they got, of 4.99%. And he said the application wasn't delayed due to problems with FGAL's email system. Although there was a problem, that was only affecting outgoing emails.

Our investigator didn't think it was a mistake for the broker then to apply for the 4.99% fixed rate available with the same lender. Putting in an application to protect their position in case of further rate rises was a sensible decision. But he said Mr and Mrs K should have been told about this. Even if a protective application was made, Mr and Mrs K should still have been told about this by their broker before they got their offer from the lender.

But our investigator said he wasn't able to say that if Mr and Mrs K had been kept properly informed, that it's likely things would have been different. The rate secured for them was still lower than comparable products being considered at the time, and rates continued to rise after this. He also noted that Mr and Mrs K did go ahead with their purchase. He didn't think he could say that FGAL had caused Mr and Mrs K to incur a financial loss.

Our investigator also said FGAL didn't explain what had happened, even after Mr and Mrs K had found out about their amended mortgage offer. It took a month for FGAL to confirm what had happened. Our investigator thought that was unfair. He said FGAL should have communicated with Mr and Mrs K, and tried to minimise the impact of its earlier mistakes.

Our investigator also noted that when Mr and Mrs K needed FGAL to help with the reduction in their borrowing, it told them that it couldn't help, because of the complaint they had raised. FGAL said that was due to regulatory requirements, although our investigator said he wasn't aware of any such regulation. Although the problem was resolved within a few days, our investigator still thought that was unfair, and caused Mr and Mrs K further worry.

Our investigator thought FGAL should pay Mr and Mrs K £250 in compensation. FGAL agreed to that, but Mr and Mrs K didn't. They still thought the delays were caused by problems with FGAL's email system, and that's why they lost out on the mortgage deal they wanted. They also said that not being told about the change to the mortgage until 14 August meant they lost out on the chance to assess the whole market at the time when the previous deal had been withdrawn, to talk to a different broker, or even to pull out of the sale.

Mr and Mrs K said they appreciated that there was no guarantee they could have done better than the 4.99% deal they secured, they thought there was just no way to know this for sure, as there was no evidence of what rates were available at the time. They said that a different lender may have been able to offer something better, so they said that they still may have incurred a loss. So they said £250 didn't seem like fair compensation.

Our investigator didn't change his mind. He said he was clear FGAL hadn't been able to email out to some addresses, but there was no evidence this affected emails sent to FGAL. So he didn't think that was the problem here. And he still thought that the application was done within a reasonable time. He also said that he'd understood the mortgage was still affordable for Mr and Mrs K, although more than they wanted to pay.

Our investigator said he'd looked at other rates available in June and July, and the rate did seem to have been in line with the market. He still thought £250 compensation was a fair reflection of the impact of FGA's unfair actions.

FGAL then responded to confirm that the email problem was indeed with emails leaving FGAL, and had been caused by changes made by Mrs K's email provider. But it said there was no problem with incoming emails, and that it had copied all outgoing emails to Mr K, who wasn't affected by this problem, so it didn't think anything was missed.

FGAL also said it had offered to waive its fee of £400, but Mr and Mrs K had paid this. So it thought that indicated Mr and Mrs K were happy with the service received. 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 should start by saying that, like our investigator, I don't think I can hold FGAL responsible for Mr and Mrs K not getting the rate they wanted. I don't think the problem here was caused by an email issue, which FGAL has explained only affected outgoing emails. And I do think an application was submitted in good time. I think it's most likely Mr and Mrs K didn't get the rate they wanted simply because the lender withdrew that rate.

I also think it's unlikely Mr and Mrs K could have done better than the rate their broker did then secure for them, of 4.99%. There is some evidence, in the form of industry literature, about rates available around that time, and the rate they secured wasn't just in line with other rates at the time, as our investigator suggested, it was still a very competitive rate indeed at that time.

I also note that one of the other reasons Mr and Mrs K are paying more now, is because the broker said he needed to amend the term of their mortgage to match their anticipated retirement ages, and the maximum age that this lender will support lending for. Paying off a mortgage over a shorter period will inevitably mean slightly higher

payments each month, although it does save money in the long run. And in this case, that shortening of the mortgage term accounts for about two-fifths of the additional payment Mr and Mrs K say they are making each month. I do think it's likely that this change would always have been required.

However, although there may not be a direct financial loss to Mr and Mrs K each month that it would be fair to ask FGAL to cover, that doesn't mean FGAL hasn't done anything wrong here. I think the service FGAL has provided to Mr and Mrs K overall has been very poor.

FGAL has offered no explanation for why it didn't tell Mr and Mrs K that their mortgage application had been amended at the time it was made, or otherwise before they received their offer from their lender.

It has offered no explanation for why it then failed to engage with Mr and Mrs K on this issue, for around another month.

And finally, it hasn't commented at all on its initial refusal to support Mr and Mrs K through the remainder of their mortgage application, allegedly because of "*regulatory requirements*" – a stance it retained until Mr and Mrs K agreed to withdraw their complaint. I find it very difficult indeed to understand this position.

I note that FGAL offered to waive its fee of £400 in this case. I think that not charging for the service FGAL has provided in this case, is part of a fair and reasonable outcome to this complaint, and I will ask FGAL to refund that now.

I think FGAL should also pay some compensation on top of this. And I don't think our investigator's suggestion of £250 appropriately reflects the great trouble and upset I think Mr and Mrs K were caused in this case. A house purchase is always a stressful event, but this one didn't need to cause Mr and Mrs K the levels of stress they have experienced here. In the circumstances of this case, I think FGAL should pay compensation of £750.

I think that would provide a fair and reasonable outcome to this complaint.

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

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.

FGAL said it had nothing to add, and would accept my decision. Mr and Mrs K replied in detail.

Mr and Mrs K said they appreciated the acknowledgement that they had received poor service. They still thought the broker's delay in applying for their mortgage was the reason the better rate was missed, and they said they weren't told about his unavailability, which meant they weren't able to decide whether to apply themselves. However, they understood that both the investigator and I had said that a delay of less than 24 hours in applying for a mortgage was not unreasonable. For the avoidance of doubt, that remains my view here, and I do not think that in this case FGAL needed to tell Mr and Mrs K that their broker was unable to complete an application faster than this.

Mr and Mrs K said they also lost the chance to check the market overall once the rate was withdrawn, which they said was not something that could be assessed retrospectively. I explained in my provisional decision that it wasn't a case of not being able to look into this at all, but said the industry information which was available suggested to me that the rate they secured was still a very competitive rate indeed, when it was secured.

I also explained the impact of the shorter term that Mr and Mrs K then took, on their monthly mortgage payments. That accounts for not quite half of the difference in their payments each month.

I should also say that I didn't reach a decision not to award Mr and Mrs K any amount for financial loss because it is difficult to quantify that now. I reached that decision because, on all the information available to me, I considered that to be part of a fair and reasonable outcome to this complaint.

Mr and Mrs K said that if they took this case to court, they would have to demonstrate a loss, and repeated their view that this could not now be quantified. They also said it would be difficult to make a case for professional negligence, because our service said these delays were not unreasonable. So Mr and Mrs K said they would accept my provisional decision.

For the above reasons, I haven't changed my mind. I'll now make the decision I originally proposed.

My final decision

My final decision is that Financial Goal Attainment Limited must refund the fee of £400 that it charged, and pay Mr and Mrs K £750 in compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K and Mrs K to accept or reject my decision before 1 November 2024.

Esther Absalom-Gough
Ombudsman