

## **The complaint**

Miss P complains that after she engaged an appointed representative of Personal Touch Financial Services Ltd to source a mortgage she found herself paying a higher rate of interest than she agreed to.

## **What happened**

Miss P used an appointed representative of Personal Touch to source a mortgage for her. The advisor sourced a mortgage for £186,500.00 at an interest rate of 4.99% in December 2023 and then told her in January 2024 that a rate of 4.64% was available which she agreed to. Miss P couldn't find out what the mortgage payments would be. Eventually on the day the mortgage went through, she contacted the lender who told her the mortgage had been set up at the original interest rate of 4.99%.

Personal Touch said that the representative couldn't provide the definitive figure for the future monthly payments until the re-mortgage took place as the exact amount being borrowed depended on the redemption figure for the original mortgage and the representative used an indicative figure. It agreed that the representative had issued a Key Facts Illustration on the 22 January 2024 based on a fixed rate of 4.64% which Miss P agreed to but that the representative hadn't uploaded the application form as he should have done so the lender hadn't amended the interest rate that had previously been agreed. Personal Touch agreed that its representative was at fault and agreed to pay Miss P the difference between what she is paying the lender on the mortgage at a rate of 4.99% and which she would have been paying at a rate of 4.64% together with an amount for non-financial loss making total of £1,050.00.

Our investigator recommended that the complaint should be upheld but that Personal Touch should pay Miss P £994.25 for her financial loss and £300 for the stress she suffered – in total £1,294.95. Miss P agreed. Personal Touch disagreed saying that there was a benefit to her in the lump sum payment it was intending to make being paid upfront and the compensation figure should reflect that.

## **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 reason that Miss P found herself paying a higher interest rate than she should have had to do is very fairly set out in Personal Touch's letter of 18 April 2024 which I consider must have been very helpful to Miss P in setting out fully and transparently what happened and how she found herself in the unfortunate position she did paying a higher rate than she understood she would have to pay. It also helpfully informs her why there were difficulties in her knowing what the exact mortgage payment would be before she redeemed the previous mortgage.

The appointed representative, through human error put Miss P in the position where she would be financially worse off than she would have been if the job were done properly. So,

using the figures in Personal Touch's final response letter, Miss P would be financially worse off by £1,006.56 (£41.94 x 24) over the term of the fixed rate and its right that Personal Touch reimburse her for that. By getting the money now as opposed to when each payment is about to be made is a marginal benefit to Miss P who will have the money soon and could put it on deposit pending making each payment although that would produce a fairly small yield. But there's also a benefit to Personal Touch of closing the complaint now with a one-off payment rather than having to monitor the payments over the period of the fixed term mortgage. So although, as Personal Touch says, there is a benefit to Miss P in being reimbursed early, I don't agree that this marginal benefit properly addresses Miss P's distress and inconvenience.

As our investigator set out, in addition to the financial loss. Miss P suffered a degree of distress and inconvenience including the stress of discovering that she was being asked to make a higher payment than she budgeted for, the disappointment and confusion on learning that the appointed representative had not done what it was supposed to do and the concern that she might be stuck with paying the higher rate and then the inconvenience and time and effort expended on getting the matter resolved. I take into consideration the benefit to Miss P in getting her financial loss reimbursed early but my view is that £300 is fairer compensation for Miss P's distress and inconvenience. On that basis I uphold this complaint.

### **Putting things right**

Personal Touch Financial Service Ltd should pay Miss P £1,006.56 for her financial loss and £300 for the distress and inconvenience she suffered - in total £1,306.56.

### **My final decision**

I uphold this complaint and require Personal Touch Financial Services Ltd to pay the compensation set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss P to accept or reject my decision before 12 February 2025.

Gerard McManus  
**Ombudsman**