

## **The complaint**

Miss H and Mr P's complaint is about customer service in relation to a mortgage application made through Blueberry Wealth Limited trading as Blueberry Mortgages ("Blueberry").

## **What happened**

I don't need to set out the full background to the complaint. This is because the history of the matter is set out in the correspondence between the parties and our service, so there is no need for me to repeat the details here. In addition, Blueberry has accepted it made errors and offered compensation. The Investigator thought Blueberry should do more to settle the complaint than it had offered. Given this, I don't need to analyse in depth what has happened; all I need to determine is what a fair outcome to this complaint should be.

Finally, our decisions are published, so it's important I don't include any information that might lead to Miss H and Mr P being identified. So for these reasons, I will instead concentrate on giving a brief summary of the complaint, followed by the reasons for my decision.

Briefly, Miss H and Mr P, first-time buyers, asked Blueberry to arrange a mortgage for them. Blueberry sourced a lender I will refer to as NW. The property Miss H and Mr P wanted to buy was timber-framed, and although there was no section on NW's application form to note the construction type of the property, Blueberry said it added a separate note about this in a specific section on the application form.

Blueberry believes that there may have been a system failure at NW, as a result of which the note about the construction type wasn't added to the file. But in any event, a drive-by valuation took place, and a mortgage offer was issued. Miss H and Mr P's solicitor then raised with NW the construction type of the property, and after an inspection, the mortgage offer was withdrawn because the property didn't meet NW's lending criteria.

Blueberry tried to source another mortgage with at least half a dozen other lenders, but wasn't able to do so.

Initially Miss H and Mr P complained to our service about NW. An Investigator looked at the complaint, and noted that Blueberry had asked NW a general question in a webchat about whether or not it would lend against timber-framed properties. However, NW confirmed that it had received no information with the mortgage application to state that the property was timber-framed.

As a result, NW said that it wasn't aware of this until the solicitor raised it, and had no option but to withdraw the mortgage offer once a physical inspection of the property had taken place.

Following this, Miss H and Mr P contacted the mortgage adviser they'd dealt with at Blueberry. He said that he'd put a note at the end of the application, but this hadn't gone through to NatWest. He wasn't sure whether it was system failure or if it was his fault. He also confirmed he'd asked a question about timber-framed properties in a live chat.

Miss H and Mr P complained to Blueberry, which acknowledged that it should have noted sooner that the note it said it had submitted to NW about the property type was missing from the case file. Given this, Blueberry agreed to reimburse fees of £295 for a decision in principle, and £495 for the mortgage offer, a total of £790.

Dissatisfied with this, Miss H and Mr P raised their complaint with our service. An Investigator looked at what had happened. He thought Blueberry needed to do more to settle the complaint. The Investigator recommended the following redress should be paid:

- a refund of the fees totaling £790;
- on production of evidence from Miss H and Miss P's solicitors, reimbursement of the legal costs from the date the mortgage offer was issued up until the second mortgage application was submitted to a new lender;
- compensation of £350 for distress and inconvenience.

Blueberry said that it had offered the £790 in the final response letter, but only agreed now to refund the broker fee of £495. In relation to legal costs, Blueberry said it would pay these for the period 3 January 2024 (the date the offer was issued) and 9 January 2024 (the date the solicitor informed NW of the construction type). Blueberry also said that it thought Miss H and Mr P had suffered no distress or inconvenience, and were exaggerating the level of upset they were now claiming to have suffered. Blueberry provided a review from a consumer review site dated 9 February 2024 that Miss H and Mr P had written which gave the broker five stars. Given this, Blueberry thought £200 would be fair for the single mistake it had made.

Because the matter is unresolved, it falls to me to issue 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.

Having done so, I've reached the same conclusion as the Investigator, for broadly the same reasons.

I've read the webchat with NW. which shows that the broker asked a general question about lending on timber-framed properties. I've also looked at NW's application form, and I see from this that there is, as Blueberry pointed out, nowhere on the form that asks about the property construction type. But there is also no separate section for 'notes' to add additional information, as the broker said he did.

Whilst Blueberry believes there was a systems error at NW that meant the note about the property type wasn't added to the application, Blueberry also acknowledges that the broker didn't notice that this was missing from the application until it was too late and the mortgage offer had been withdrawn.

I can't say whether or not a note was added – the broker accepts that its omission may have been his fault. But Blueberry has acknowledged that an error was made in this respect. In the circumstances, I'm satisfied that the weight of evidence persuades me that Blueberry made an error, either in not informing NW of the property type or, as Blueberry says, not noticing the note about this was missing from the application.

## **Putting things right**

Miss H and Mr P paid Blueberry fees totalling £790, which I'm satisfied should be reimbursed. Blueberry initially offered this in its final response, but has since argued that only the application fee, rather than the decision in principle fee, should be refunded. I don't think this would be fair or reasonable. Blueberry must therefore reimburse the £790 fee, along with simple interest at 8% per annum from the date the fee was paid to the date of repayment.

In relation to legal fees, I'm not persuaded it would be fair to order Blueberry to reimburse all the legal fees Miss H and Mr P paid. There is usually a lot of preparatory work carried out by solicitors before the transaction reaches the stage of a mortgage offer – local searches, enquiries, contract negotiations. When a purchase falls through, unfortunately the parties usually have to pay any abortive costs incurred.

In this case, if Miss H and Mr P are able to provide evidence from their solicitors to Blueberry of the legal costs incurred from the date the mortgage offer was issued (3 January 2024) to the date NW confirmed it would not lend (5 February 2024), I think it would be reasonable for Blueberry to pay these, together with simple interest at 8% per annum from the date Miss H and Mr P paid those costs to the date of repayment. Solicitors usually have computerised accounts systems so it should be possible for the solicitors to itemise any costs incurred between these dates.

With regard to distress and inconvenience, I've noted what Blueberry has said, and the review it provided written by Miss H and Mr P. At the time the review was written, Miss H and Mr P weren't aware that the broker might have made an error – he didn't admit this until several days after the review had been written. Up until that point, Miss H and Mr P were unaware that he was responsible for the issue with the NW application.

Buying a property is a stressful experience, and I'm satisfied that the issues with the mortgage caused Miss H and Mr P both inconvenience and distress. I've considered what they've told us about this, and the effect it had on them. I'm satisfied, therefore, that a payment of £350 is fair, reasonable, proportionate and appropriate to compensate them for the distress and inconvenience caused by Blueberry's error.

I therefore direct Blueberry Wealth Limited trading as Blueberry Mortgages to do the following to put things right:

- reimburse the £790 fee, along with simple interest at 8% per annum\* from the date the fee was paid to the date of repayment;
- provided Miss H and Mr P produce evidence from their solicitors, reimburse legal costs incurred for the period 3 January 2024 to 5 February 2024 inclusive, along with simple interest at 8% per annum\* from the date the costs were paid to the date of repayment;
- pay compensation for distress and inconvenience of £350.

\* If Blueberry considers that it is required by HM Revenue & Customs to withhold income tax from any interest, it should tell Miss H and Mr P how much it has taken off. Blueberry should also give Miss H and Mr P a tax deduction certificate if requested, so the tax can be reclaimed from HM Revenue & Customs if appropriate.

## **My final decision**

My final decision is that I uphold this complaint. I direct Blueberry Wealth Limited trading as Blueberry Mortgages to settle the complaint as set out above. I make no other order or award.

This final decision concludes the Financial Ombudsman Service's review of this complaint. This means that we are unable to consider the complaint any further, nor enter into any discussion about it.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss H and Mr P to accept or reject my decision before 19 February 2025.

Jan O'Leary  
**Ombudsman**