

The complaint

Ms D and Ms J have complained about poor customer service provided by Tembo Money Limited during a mortgage application. Ms D and Ms J would like Tembo to compensate them for the distress and upset they were caused.

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, Tembo has accepted it made an error and has offered compensation. I therefore don't need to analyse the events in depth in order to determine whether Tembo is at fault; all I need to decide is whether the compensation of £50 already offered is sufficient, or if there is more Tembo needs to do to put things right.

Finally, our decisions are published, so it's important I don't include any information that might lead to Ms D and Ms J being identified. So for these reasons, I will instead concentrate on giving the reasons for my 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.

The timeline of events is set out in the Investigator's correspondence, so I won't repeat it here.

Tembo doesn't dispute it made an error in relation to the mortgage application. The mortgage application was made to a lender I will call NW. After carrying out a basic valuation, NW's surveyor identified various issues with the property and listed reports that should be obtained. However, when NW told Tembo about this on 14 August 2024, it just said "*a retention has been calculated and applied*". NW didn't send a copy of the valuation report. NW also said: "*On receipt of both reports [the] valuation will be £212,500.*" I'm satisfied Tembo wasn't to know at that point that the valuation had been returned as nil. This wasn't clarified by NW until 22 August 2024.

Tembo told Ms D and Ms J about the reports on 20 August 2024, but didn't mention the retention until 23 August 2024. The implications of this are that Ms D and Ms J could have spent money commissioning reports, without being aware that NW might still retain all or part of the mortgage funds. It took Tembo about seven days to inform Ms D and Ms J about this and explain the implications. Ms D and Ms J, as first-time buyers, said they expected more support from Tembo. I understand why they felt that, as I can see they were asking questions about what the retention was.

There was a detailed conversation between Ms D and Ms J and Tembo on 28 August 2024 when the available options were discussed, including obtaining the reports, but ultimately finding NW still might not be satisfied, go to another lender which would only carry out a desktop valuation, or speak to the vendor to discuss a reduction in the purchase price. I'm therefore satisfied that Tembo did provide detailed guidance about the available options Tembo could not, of course, make a decision on which course of action to pursue, as that would be up to Ms D and Ms J to decide.

Ms D and Ms J also questioned the choice of NW recommended by Tembo. I've listened to a call recording dated 27 July 2024. I'm satisfied Tembo had identified another lender, H, which was cheaper, and various mortgage options were discussed. Tembo explained that, where a property needs work, NW tends to be stricter in its requirements than H. Ms D and Ms J said they banked with NW and had already looked at its mortgage rates. They wanted to go ahead with NW because there was a £500 cashback on offer.

I'm therefore not persuaded that Tembo recommended an unsuitable lender. Tembo identified H as being cheaper, but Ms D and Ms J, after discussing all the options with Tembo, explained their reasons for asking Tembo to place the application with NW, rather than H.

Ultimately Ms D and Ms J didn't go ahead with a mortgage arranged by Tembo. In its final response letter, Tembo explained that it was waiving the mortgage advice fee, as Ms D and Ms J held their Lifetime ISAs with a firm that Tembo had taken over. Tembo also offered £50 compensation for any stress and frustration.

I think this is fair in all the circumstances. It takes into account the short delay in Tembo telling Ms D and Ms J about the reports the valuer had asked for – which the period between 14 August 2024 and 20 August 2024. As I said above NW initially didn't tell Tembo that the valuation was nil, and once Tembo was aware of this, it discussed with Ms D and Ms J in detail what their options were.

Ms D and Ms J said that the compensation fails to take into consideration that they'd incurred solicitors' fees, and that the purchase of the property fell through. I can't hold Tembo responsible for this. Even if Ms D and Ms J had been told on 20 August 2024 of the retention, I don't think it would have made a difference to the fact that they ultimately didn't go ahead with their purchase.

I fully appreciate that buying a property is stressful, and that as first-time buyers Ms D and Ms J were reliant on Tembo to provide them with advice about the mortgage. But it's also clear that Ms D and Ms J knew which lender they wanted. They overrode Tembo's recommended lender, H, in favour of NW, due to the £500 cashback, and because they already banked with NW, even after they'd been advised that NW's requirements were stricter in relation to properties that needed work. When that proved to be the case, Ms D and Ms J blamed Tembo for going ahead with that lender. However, I'm not persuaded that Tembo is at fault for the consequences of the decision made by Ms D and Ms J to have the mortgage application placed with NW.

Overall, therefore, I'm satisfied that the £50 compensation offered is fair and reasonable in all the circumstances, for the inconvenience and upset caused by the short delay in explaining to Ms D and Ms J that NW was going to impose a retention. For the reasons given above, I'm not persuaded Tembo is responsible for any other financial losses or that it should pay any further compensation for distress or inconvenience.

Finally, I note that Ms D and Ms J say they were told by NW that this was a desktop, not a physical, valuation, and so they don't see how the surveyor could have identified the issues

with the property that required reports. As far as Tembo was aware, NW's surveyor had inspected the property. Any concerns about what type of inspection was carried out is something Ms D and Ms J will need to take up with NW, as Tembo has no control over whether a lender decides to undertake a desktop or physical valuation.

My final decision

My final decision is that I don't uphold this complaint.

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 Ms D and Ms J to accept or reject my decision before 19 March 2025.

Jan O'Leary
Ombudsman