

The complaint

Mr T complains that Mortgage Advice Bureau Limited (MAB) misadvised him on the amount he could borrow when moving house. He says this caused him significant financial losses.

What happened

In May 2024, Mr T spoke with an advisor who was an appointed representative of MAB. He was looking at purchasing a new property. Mr T provided details of his income, and the amount of deposit he had available. And MAB provided him with a decision in principle (DIP) showing how much he could potentially borrow on 28 May 2025. A further DIP was issued on 28 May and again on 14 June 2025. Each time, the amount Mr T was informed he could borrow increased.

Following this, Mr T made an offer on a property, and asked MAB to proceed with obtaining him a mortgage. However, MAB informed him that due to changes in lenders stress tests following interest rate increases, his debt-to-income ratio, and the fact that he was on a probationary period at his new job, he was able to borrow less than the DIPs had led him to believe.

Mr T complained to MAB about this. He said he'd made a number of decisions, such as giving his lodger notice to move out, and spent money on costs related to moving. He believed that he'd been misled and lied to by the advisor.

MAB responded to the complaint. It agreed Mr T hadn't been given clear information as to how much he was able to borrow. But it wasn't persuaded that it was responsible for the decisions Mr T had made based on receiving the DIPs. MAB offered £200 in compensation.

Mr T didn't accept this and referred the complaint to our Service. One of our Investigators looked into the complaint. He explained that Mr T had made all of his decisions without having a formal mortgage offer in place and because of this, he didn't think MAB was responsible for any costs he incurred. He thought the offer of £200 compensation was fair, so he didn't uphold the complaint.

Mr T disagreed with this. He was adamant that the advisor he spoke to lied to him and that he had lost thousands because of their actions. Our Investigator wasn't minded to change his opinion, so Mr T asked for an Ombudsman to review his complaint. It's now been passed to me to consider and make 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.

Mr T has responded to our Investigator's opinion in detail. I want to reassure Mr T that I've read and thought about everything he's said. I may not address each point he's raised. My role is to review all the information provided by both parties, and then decide what information is relevant and address what I consider are the key points of the case. I'll then

focus on the crux of the overall complaint. This simply reflects the informal remit of our Service.

Mr T also says he has a number of questions we should answer. However, we are independent of both the complainant and the business. And we don't take directions from either side on what questions to ask and what evidence to request. That's a matter for us to decide in the individual circumstances of a complaint.

I'd also point out here that we are not the industry regulator – that's the Financial Conduct Authority. Mr T has referred to how we should be protecting the public and how action should be taken to protect other customers of MAB. But that isn't the remit of this Service. We can't tell a business how to operate. Not do we fine or punish businesses. We look into individual complaints and put things right if we believe a business has made a mistake. That's what my decision focusses on.

The crux of this complaint is that Mr T was led to believe he could borrow more than he was ultimately able to. I've seen copies of the DIPs that Mr T was sent. The first is for £157,000 and these increase to £170,000. It's unclear why the amount increased. But I've seen the input that the advisor used to generate the DIPs and can't see any inaccurate information was used.

Mr T is adamant the advisor lied to him about how much he could borrow. There are a number of calls that I've been provided with between Mr T and the advisor. I've listened to all of these calls. Having done so, I've heard nothing that leads me to believe the advisor gave incorrect information to Mr T, either intentionally or accidentally. I think it's likely the advisor believed that they would be able to obtain the amount Mr T required to borrow. We now know that wasn't the case, but I'll come to this again shortly.

Additionally, I can see no reason why the advisor would tell Mr T he could borrow more than they genuinely thought was obtainable for him. There is no benefit to an advisor telling Mr T he could borrow more than they could as this would naturally result in the application being declined given the advisor's role is to have mortgage applications successfully complete.

Furthermore, if this the advisor was knowingly telling Mr T he could borrow more than they thought he could, this is something that would easily come out shortly after a formal application was made. I think it's more likely that the advisor provided Mr T with a DIP for the maximum he could borrow assuming everything aligned when the formal application was submitted.

A DIP is an indication of how much someone *might* be able to borrow, not how much they *will* be able to borrow. And it's done based on various things, including lenders criteria at the time of the DIP. Lender's criteria changes over time, and no borrowing is ever guaranteed until a formal mortgage offer is in place.

As I've said, I've listened to the call between MAB and Mr T when he was told he couldn't borrow the amount he was able to. MAB said that the amount Mr T was ultimately able to borrow was a result of interest rates increasing and lenders stress tests changing as well as the fact that he had an outstanding credit card and his new job being on a probationary basis. All of these reasons are entirely plausible explanations for why the amount a lender is willing to lend would reduce. I'm aware that Mr T disputes these reasons. I can't say for sure Mr T wasn't able to borrow the amount he was initial told he might be able to. But his application was always going to be subject to a lender's underwriting and was never guaranteed.

Having reviewed the various DIPs, I can see they all clearly stated that this was an indication

of how much could be borrowed, and that the lending wasn't guaranteed. The fact that Mr T made decisions such as spending money on the potential move, and giving his lodger notice to leave prior to having a formal mortgage offer in place are decisions he was entitled to make. However, I can't see that MAB ever advised him to take this action and it had never guaranteed he'd be able to borrow the amount he wanted. He made these decisions of his own volition. So, I can't say any loss here was directly caused by MAB.

MAB has accepted it could've been clearer when explaining to Mr T how much he might be able to borrow by sending multiple DIPs. And I agree that its advisor did cause some confusion when explaining why it wasn't able to obtain the borrowing the DIP indicated. MAB has offered £200. Whilst I can see why Mr T might have been confused about the amount, he could borrow given the number of DIPs he was sent, I've explained above that I feel it was clear that no borrowing was guaranteed. I think £200 is fair compensation in the circumstances. I've explained why I don't think MAB is responsible for any financial loss Mr T has suffered. So, I'm not going to ask MAB to pay anything more.

My final decision

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr T to accept or reject my decision before 22 April 2025.

Rob Deadman
Ombudsman