DRN-5446092

The complaint

Mr and Mrs H complain that when Fluent Mortgages Limited trading as Fluent Money arranged them a mortgage, the amount it arranged wasn't enough, leaving them with a shortfall.

What happened

Mr and Mrs H consulted Fluent Money about re-mortgaging their existing mortgage. Fluent Money recommended a new mortgage with a lender I'll call B. As well as repaying their existing borrowing, Mr and Mrs H wanted further lending to consolidate unsecured debt and fund some home improvements.

Mr and Mrs H said they wanted to borrow £123,760 to repay their existing mortgage, £3,000 for home improvements, and £22,316 for debt consolidation. They also wanted to add B's product fee to the loan balance. Fluent Money applied to B and Mr and Mrs H were sent a mortgage offer. They said that when they checked the offer against the redemption statement from their existing lender, they realised they would also have to pay an early repayment charge (ERC). So they asked Fluent Money to amend the mortgage offer, and they were told that would be sorted out.

On that basis, Mr and Mrs H went ahead and committed to their home improvements, instructing contractors. They also made arrangements to repay their unsecured debt (and agreed to do so as a condition of B's lending). But when the mortgage completed, they were left with less money than they were expecting, and less money than they needed to meet all the things they had committed to.

Mr and Mrs H complained to Fluent Money. They said they were expecting – and Fluent Money had told them – they would receive £25,316 after repaying their existing mortgage, or around £24,600 after legal fees. But in fact they only received £21,824, almost £3,000 less than they were expecting. They say this has caused them a huge amount of stress and worry and has impacted them financially. They want Fluent Money to pay them the missing £2,800 and compensate them for the upset caused.

Fluent Money said it had made a mistake in not including B's product fee of £999 when Mr and Mrs H had wanted it added to the loan. It offered £200 compensation. Mr and Mrs H weren't happy with that – they said they had paid Fluent Money a £195 fee, so in effect it had only offered them £5. And it hadn't addressed the rest of the missing borrowing, only the product fee. They brought their complaint to us.

Our investigator said that Fluent Money should have included the product fee. But other than that it had included the amount Mr and Mrs H had asked for, so they would always have been left with a shortfall. But the £999 product fee made that worse. He said Fluent Money should increase the compensation – he said it should refund the fee as well as pay them £200 – rounded up, he said it should pay them £400 in total.

Fluent Money didn't accept that. It said the actual shortfall Mr and Mrs H were left with – after accounting for the £999 product fee and a £35 funds transfer fee – was only just over

£100. It said Mr and Mrs H needed £123,760 plus £2,000 ERC to repay their mortgage, £20,316 for debt consolidation and £3,000 for home improvements. Its only error was asking for the £999 fee to be added to the loan balance without increasing the mortgage balance to offset it, and it didn't think the further compensation suggested by the investigator would be fair.

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.

I've been through all the contact between Mr and Mrs H and Fluent Money to understand exactly what was discussed and agreed and when – in order to decide whether Fluent Money is correct that the shortfall was just over £1,000, or Mr and Mrs H are correct that it was just under £3,000.

The first main contact between Mr and Mrs H and Fluent Money (other than the initial referral) was a phone call on 30 May 2024. In this call Fluent Money went through Mr and Mrs H's circumstances and what they wanted to apply for. Among other things, there was a lengthy discussion about their unsecured credit and what they wanted to consolidate. Mr and Mrs H had various loans and credit cards. Most of the credit cards were on 0% or were paid off in full each month, so did not need to be consolidated. And Mr and Mrs H only wanted to consolidate one of their loans, because they were concerned about increasing the loan to value.

According to the conversation, at the time they had (among other debts) a loan in Mr H's name and a loan in Mrs H's name. One had a balance of around £17,000 and the other had a balance of around £19,000. After some discussion, it was agreed that the £17,000 loan would be consolidated because, although it had a lower balance it had a higher interest rate. That gave a debt consolidation figure of £20,316 – a loan of £17,106 and a credit card of £3,210. The adviser therefore confirmed with Mr and Mrs H that they wanted to borrow £147,076 – made up of £123,760 to clear their existing mortgage balance, £20,316 debt consolidation and £3,000 for home improvements. It was also agreed to add any product fee to the loan.

The adviser said that she would go away and look at what was available. In a follow up call the next day, she confirmed the borrowing figures again and said that she had found a lender that would likely accept an application, so the next step was to submit an application to that lender.

On 3 June the adviser told Mr and Mrs H that the lender had agreed to offer £148,075 – that is the £147,076 Mr and Mrs H needed, plus a £999 product fee to be added to the balance.

A couple of weeks later, when they had received a redemption statement from their previous lender, Mr and Mrs H realised they would need to borrow more. They were still in a fixed rate period, so they would also need to pay an ERC to exit that mortgage. There were two calls on 24 June – in the first, Mr and Mrs H confirmed they would need around £1,900 more, and the adviser said she would check what that would mean. In the second call, the adviser told Mr and Mrs H what the monthly payments would be if they borrowed an extra £2,000 – she said the balance would now be £149,076 plus a product fee "which will be added on to that amount".

A new mortgage offer was issued on 27 June for £149,076. The offer said that there was a £999 product fee which would be added to the mortgage rather than paid up-front. There was also a £35 funds transfer fee payable on completion.

Mr and Mrs H's mortgage completed on that basis a few weeks later. When it completed, Mr and Mrs H were left with less than they were expecting. Their solicitor has confirmed that it received £148,042 from the lender and that Mr and Mrs H were expecting to receive £25,316 – £22,316 for debt consolidation and £3,000 for home improvements. But after deduction of the solicitor's fee, they were left with only £21,824.

I think this discrepancy has two causes. The first is an error by Fluent Money, which it accepts. Mr and Mrs H wanted to add the £999 product fee to the loan – which means that the lender would deduct it from the total shown in the offer when the funds were released. And that in turn means that either the borrowing amount needs to be increased to allow for the fee, or that the amount received will be reduced by the fee.

Mr and Mrs H had two mortgage offers. The first one was correct. It was for £148,075, which is the £147,076 Mr and Mrs H wanted plus the £999 product fee. The adviser had correctly applied for what Mr and Mrs H needed plus the amount of the fee – ensuring the fee would not be deducted from the amount they needed, leaving them short.

However, the second offer was not correct. When Mr and Mrs H said they needed extra borrowing to pay the previous lender's ERC, the adviser requested a new offer for £149,076 – which is the previous £147,076 plus £2,000. But this time the adviser did not add the £999 product fee to the amount requested, which means that it would instead be deducted from the amount payable to Mr and Mrs H. They would therefore only receive £148,077 (in fact, £148,042 after the £35 fee was also deducted). This is the amount the solicitor actually received.

This was clearly an error by Fluent Money – as it agrees. The adviser should have requested an offer for £150,075, which is £149,076 plus £999.

However, I don't think Fluent Money is responsible for the second discrepancy. Mr and Mrs H say they were expecting to receive £22,316 for debt consolidation – not £20,316. But this is not what was agreed with Fluent Money. As I've said above, which debts were to be consolidated was discussed on the first call. After some consideration, Mr and Mrs H decided to consolidate the £17,000 loan with the higher interest rate, not the £19,000 loan with the lower interest rate.

I think what happened is that Mr and Mrs H later thought that the £19,000 loan rather than the £17,000 loan was being consolidated – which is why they told their solicitor that they were expecting £22,316 not £20,316 in debt consolidation funds. But they were mistaken about that; that wasn't what was agreed. There were several discussions about the amount to be borrowed, and it was always £147,076 or £149,076 (after adding the ERC), which Mr and Mrs H always agreed was correct. This amount is based on £20,316 not £22,316 for debt consolidation.

I'm therefore satisfied that Fluent Money applied for the correct amount for debt consolidation. Its only failing, in terms of the amount of the loan balance, was failing to add the £999 product fee to the balance. It otherwise arranged a mortgage for the amount Mr and Mrs H asked for and agreed.

As I say, I think Mr and Mrs H were mistaken in believing that they had asked for £22,316 not £20,316 for debt consolidation. That wasn't what they had asked for and wasn't the borrowing amount they agreed – that much is clear from all the phone calls with Fluent Money.

However, Fluent Money didn't help matters when it came to Mr and Mrs H's confusion about the amount to be borrowed. It sent them an advice letter on 6 August 2024 which contained contradictory information. The summary at the start says that Mr and Mrs H want to borrow £123,760 to repay their existing borrowing, £3,000 for home improvements and £22,316 for debt consolidation. But the main body of the letter says that the debt consolidation figure is £20,316 – not £22,316 – making a total mortgage of £147,076. The recommendation is also for £147,076 of borrowing based on £20,316 of debt consolidation. But it says that the £999 arrangement fee is to be added to the loan balance – giving a total balance of £150,075.

There are therefore several errors in this letter. It initially says that the debt consolidation amount was £22,316 but then says it was £20,316. £20,316 was the correct agreed figure. It also says that the mortgage amount is £147,076 – which doesn't include the extra £2,000 agreed to cover the ERC. And then in the summary at the end it says the mortgage applied for was £150,071 – which does include the ERC and the £999 fee. But that wasn't right either; the actual amount applied for was £149,076, including the ERC but not the product fee. I can therefore understand why Mr and Mrs H were further confused about what was supposed to have happened when trying to understand why they had received less than they thought they would.

Putting things right

In summary, then, Fluent Money applied for the right amount for debt consolidation – the £20,316 that Mr and Mrs H had asked for and agreed. The mortgage balance was therefore correct according to the discussions with Fluent Money and the amounts Mr and Mrs H had requested, with the exception that it failed to add £999 to the balance to cover the product fee.

This explains why Mr and Mrs H received £999 less than they were expecting. But the remaining shortfall is not because of a mistake by Fluent Money; it's not a shortfall at all. Mr and Mrs H believed there was a shortfall because they although they actually asked Fluent Money to arrange £20,316 for debt consolidation, they later came to believe they had asked for £22,316 – mistakenly. Although Fluent Money didn't make a mistake when it came to the debt consolidation, the contradictions and mistakes in its advice letter wouldn't have helped Mr and Mrs H understand what had actually happened and resolve their confusion.

In all the circumstances, I agree that £400 is fair compensation. Mr and Mrs H had made plans and commitments based on what they were expecting to receive, but actually received less. This caused them substantial distress and inconvenience. While Fluent Money is only responsible for part of the shortfall in expectations, it's reasonable that it compensates them for its part in what went wrong, including both the failure to include the product fee and the inaccurate advice letter.

But I don't think it's fair to ask Fluent Money to refund or waive its £195 fee in addition to paying £400 compensation. Mr and Mrs H largely – if not entirely – received what they wanted. I understand Mr and Mrs H have not yet paid the fee, having withheld it in protest when they complained. If it remains unpaid, Fluent Money may offset it against the compensation payment.

My final decision

My final decision is that Fluent Mortgages Limited trading as Fluent Money should pay Mr and Mrs H £400 compensation. It may offset its advice fee of £195 from that amount if the fee remains outstanding.

Under the rules of the Financial Ombudsman Service, I’m required to ask Mrs H and Mr H to accept or reject my decision before 26 August 2025.

Simon Pugh
Ombudsman