

The complaint

Mr G and Miss J's complaint relates to the service they received from Medical & Professional Investment LLP (M&P) when they were trying to re-mortgage their home in 2024. They believe that the broker delayed the application, which meant that their existing mortgage reverted to a higher interest rate. In addition, they've said that M&P told them they would not need to pay the higher payments, as it would be wrapped up in the mortgage redemption, which resulted in their credit rating being adversely affected.

What happened

The evidence in the case is detailed. I have read and considered everything that has been provided. In what follows, I have, by necessity, summarised events in rather less detail than has been presented and I have focussed on what I consider to be the key events. No discourtesy is intended by that. It's a reflection of the informal service we provide, and if I don't mention something, it won't be because I have ignored it. It will be because I didn't think it was material to the outcome of the complaint.

On 21 November 2023 Miss J contacted M&P to discuss re-mortgaging her and Mr G's shared-ownership flat. They wanted to re-mortgage for a lower interest rate product as their existing one was due to end at the beginning of February 2024. Several appointments were made and rearranged by Miss J, and she eventually spoke with an adviser at M&P on 8 December 2023. At this appointment M&P explained the re-mortgage process and that it would need documentation before it would submit the application. These documents included a redemption statement from Mr G and Miss J's existing lender, permission from the shared owner for the re-mortgage and income evidence, which was requested from the accountant that day.

The first mortgage application was made on 8 January 2024 to lender N following the basic income information the lender would need being received just before the Christmas break. It declined the application the following day as Miss J failed the credit score it had run. The following day M&P applied to Lender S and it also declined the application due to a failed credit score.

On 11 January 2024 M&P spoke to Miss J and explained that the Lender N application had failed on her credit score. While Miss J didn't think there were any problems with her credit file, M&P asked her to check her report urgently.

On 17 January 2024 Miss J confirmed that a utility company had recorded three late payments on her account with it. It was an administrative error when her account had been transferred between computer systems and the utility company was sorting it out. However, she had been warned that it could take up to eight weeks to correct her credit file. In the meantime, Miss J said she was putting a note on her credit file. M&P asked her to confirm when the situation had been sorted out.

Five days later Miss J contacted M&P to say that the late payments were being removed from her utility account. She also told M&P that she and Mr G had separated. She asked if it would be possible for the re-mortgage to be in her sold name. M&P said that it would look

into whether Miss J could afford the mortgage on her own. It also explained that Mr G's share of the property would need to be transferred to Miss J for that to happen. A solicitor would also be needed to do this, which would mean additional costs. M&P would look into the situation and get back to Miss J.

Following Miss J asking for an update, M&P confirmed on 25 January 2024 that it was working on the figures to try to get the re-mortgage in just Miss J's name. It asked her if it couldn't, was it okay for Mr G to remain on the re-mortgage. Miss J confirmed the same day that M&P should leave Mr G on the re-mortgage application to make it easier, and removing him could be sorted out later. Miss J confirmed that her credit report had not yet been updated in relation to the utility account.

On the basis of Miss J's confirmation that the problem with her credit file was being corrected, M&P put in an application to Lender B on 29 January 2024. The following day Lender B told M&P that what it could see of Miss J's credit file was showing a problem with a settled credit card. However, it could not see the full credit report as it was locked. It asked for some additional information and for Miss J to unlock her credit report.

On 1 February 2024 M&P emailed Miss J with Lender B's comments. Miss J said that her credit report was locked as she was still waiting for it to be updated in relation to the utility account. She provided the additional information requested. This was forwarded to Lender B the following day, along with an email from the utility company confirming the error in the records regarding its account.

M&P called Lender B for an update on 7 February 2024. It again asked that Miss J unlock her credit report. It also asked for some information about the credit card account it believed there was a problem with. Miss J was updated and confirmed that her credit report was not locked.

There were exchanges about the credit card problem and the locked credit report between Miss J, M&P and Lender B. On 14 February 2024 Miss J confirmed to M&P that the utility account was showing as having been corrected on her credit report. She also identified that the late credit card payments Lender B had referenced had happened ten years earlier.

Lender B chased a couple of times for Miss J to unlock her credit report. While Miss J initially confirmed her report was not locked, she later confirmed on 27 February 2024 that she had locked it and it was now unlocked. Lender B was informed by M&P.

Lender B then arranged for Mr G and Miss J's property to be valued, which took place on 4 March 2024. Miss J was asked for some information regarding the cladding on the building, which was provided and forward to Lender B on 7 March 2024. Lender B confirmed the following day the application was being reviewed. It also asked for further information from Mr G's accountant. M&P emailed the accountant the same day to request the information.

On 13 March 2024 M&P explained to Miss J what additional information Lender B had asked for regarding Mr G's income and that it had asked his accountant to provide it. M&P asked Miss J to give the accountant a push, as the information was needed urgently. Miss J at this point made M&P aware that they had not made that month's mortgage payment, but that their solicitor had said if the re-mortgage completed by the end of the month, the redemption amount would include that payment. Miss J was reassured by M&P that as long as the re-mortgage completed that month, their credit files would not be affected.

On 17 March 2024 most of the information required from Mr G's accountant was received and it was confirmed the last item needed would be sent the following week. M&P forwarded

the information it had received to Lender B and Miss J was sent an update. The final information from the accountant was received by M&P on 20 March 2024.

On 19 March 2024 Lender B confirmed to M&P that it had received the valuation and the property had been valued at £300,000 rather than the £360,000 Mr G and Miss J had believed it was worth. Lender B explained that the maximum loan-to-value available was 80% of Mr G and Miss J's share, which equated to £74,400 including fees. As such, Lender B told M&P it would need to reduce the amount of the application, and that it might be able to do that online, or alternatively, it would need to submit a new application.

M&P responded to Lender B the same day to appeal the valuation, as the current valuation was lower than the original purchase price. M&P provided Miss J with an update three days later.

M&P submitted variation forms to Lender B to change the loan-to-value on the re-mortgage to 95% on 22 March 2024 and 4 April 2024. M&P continued to pursue Lender B regarding the appeal to the valuation. Lender B confirmed on 14 April 2024 that it would rely on the valuation that had been done and that Mr G and Miss J's application would need to be amended if they wanted to pursue it. M&P continued to pursue Lender B to lend the amount Mr G and Miss J needed, but as a loan-to-value of 95%.

M&P contacted and later put in an application to Lender P, but it was also declined.

During March and April 2024 Miss J mentioned to M&P on numerous occasions that the existing mortgage had reverted to a higher interest rate and that they couldn't afford the new payments. They were clearly very concerned about their credit rating being affected. M&P told them to speak to the existing lender and latterly suggested that they ask for a temporary conversion to an interest-only basis to reduce their monthly payment.

Lender B confirmed again on 24 April 2024 that the maximum it would lend on shared ownership was 80% loan-to-value. M&P emailed Miss J the same day to tell her that Lender B would not lend, and she needed to continue to speak to her existing lender. M&P said that it was making a last attempt to get a mortgage for them with Lender P and would update her the following day. It did and confirmed it could not arrange a mortgage for Mr G and Miss J. A complaint was raised.

M&P responded to the complaint in a letter of 8 July 2024 – it didn't uphold it. Having set out what had happened, it didn't agree that there had been any delays on its part. Furthermore, it said that the adviser had told Miss J several times to speak to her existing lender about payments and the difficulties she was experiencing obtaining a re-mortgage. In addition, M&P said that Miss J had been told that if the re-mortgage had gone through before the end of the month, that month's payment could be picked up in the redemption statement.

Miss J and Mr G were not satisfied with the response they received and asked the Financial Ombudsman Service to look into the complaint.

Miss J and Mr G re-mortgaged their property at the beginning of August 2024. When the monthly payments increased with their existing lender, they were unable to make the full payments and arrears accrued from March 2024, which reached the equivalent of more than one month's contractual payment in May 2024, and so was reported to credit reference agencies.

One of our Investigators considered the complaint. Initially she concluded that the communications regarding Mr G and Miss J making mortgage payments were not what they should have been, but as it also told them to speak to their existing lender when they were

unable to make the higher payments needed, those errors were rectified shortly thereafter. She recommended that M&P pay Mr G and Miss J £250 compensation for the upset and inconvenience they had suffered.

M&P accepted the Investigator's conclusions. Mr G and Miss J did not. They said that the compensation should be significantly higher. They again explained what they considered M&P had done wrong. In particular, they highlighted that it had taken M&P seven weeks to submit their application to Lender B, and that the individual they had dealt with had taken her time to process their application and it was all left to the last minute. They said this resulted in them having to take a larger mortgage at a higher interest rate.

The Investigator considered what Mr G and Miss J had to say, and she changed her recommendation. She agreed that the amount of time it took M&P to submit the application to Lender B had been too long and had been left until too close to the deadline Mr G and Miss J had given for the re-mortgage to complete. She recommended M&P pay £500 compensation.

Mr G and Miss J said that they still didn't think the compensation was enough, but they were willing accept it to settle the matter.

M&P didn't accept the Investigator's conclusions, as it said that it could not submit an application until it had all of the information needed. Furthermore, it could not be held responsible for the decisions made by the lender. It said it had tried to push the application through as quickly as possible. It considered the £250 compensation the Investigator had initially recommended was still the appropriate amount in the circumstances.

As agreement could not be reached, it was decided the complaint should be referred to an Ombudsman for consideration.

I issued a provisional decision on 17 March 2025, in which I set out my conclusions and reasons for reaching them. Below is an excerpt.

'Mr G and Miss J consider that M&P provided them with poor service and delayed their application. I have carefully considered the evidence in this case and I consider there was a slight delay caused by M&P, but I am not persuaded that it caused the length of delays Mr G and Miss J think it did.'

I note that Mr G and Miss J have highlighted that despite Miss J speaking to M&P in December 2023 the application to Lender B was not made until toward the end of January 2024. They have also questioned whether the earlier applications M&P said it made actually were. M&P has not provided us with copies of the applications from the beginning of January 2024 to Lenders N and S respectively. However, it was at that time M&P became aware of the problem with Miss J's credit file, and running a credit report is not something that a mortgage broker would usually do as part of its process. It is, however, something that a lender will always do. So I am satisfied that M&P made an application on Mr G and Miss J's behalf at the beginning of the second week of January 2024, rather than at the end of that month. Given that the basic income information for Mr G was not received from his accountant until immediately before the Christmas and New Year period, I don't think the timescale for the first application being made was unreasonable.

Following this, while a new application to Lender B was made at the end of January 2024, until the problem with Miss J's credit file was sorted out, the application could not have been fully assessed by the lender. It was not until 27 February 2024 that the problem with the utility company reporting had been sorted out and Miss J had unlocked her credit report to give Lender B full access. Following this, Lender B wanted further information about the

property and Mr G's income. The last of the information about Mr G's income was provided by his accountant to M&P on 20 March 2024.

Around the same time, Lender B received the valuation for Mr G and Miss J's property. The surveyor had valued the property at less than it had been valued at when they'd bought it several years earlier. Lender B told M&P about the problem on 19 March 2024 and, as the valuation was for a lower sum than the value when Mr G and Miss J had bought their share of the property, M&P appealed the valuation. It was not until 16 April 2024 that M&P was aware that the appeal on the valuation was not going to alter the value Lender B would use on the application. I don't consider that there were delays caused by M&P up to this point.

In the meantime, M&P had asked Lender B on 22 March 2024 and 4 April 2024 to move the application forward on the basis of the loan-to-value being changed to 95%. I consider that M&P made an error in doing so. It would have been clear from Lender B's intermediary website that it would not have lent up to that loan-to-value and Lender B had also told it that it would only lend 80% in the email of 19 March 2024. As such, I can only conclude that M&P continuing to pursue the alteration to the application to increase the loan-to-value to 95% was an error on its part, which caused delays.

At this point I don't think it would have been inappropriate for M&P to make a last attempt to get Mr G and Miss J a mortgage with Lender P, but that rejection didn't take long to be received. As such, I am satisfied that had M&P not made the mistake in pursuing a change to the Lender B application that it ought reasonably have known could not succeed, it would have told Mr G and Miss J around two weeks earlier that it could not help them.

Mr G and Miss J have said that M&P told them not to pay their mortgage once it moved onto the higher interest rate. I have read the exchanges between Miss J and M&P and the only specific mention of Miss J being told not to make payments to the existing mortgage was in relation to advice from their solicitors. However, I do think that M&P could have been clearer in its communications on this matter – by providing some context to its comments that the March payment would be wrapped up in the redemption figure – in that this was dependent on the mortgage completing that month. Subsequently, when it was clear that the mortgage was not going to complete by the end of that month, M&P referred Miss J back to her lender to see what it could do for them, and suggested something that might reduce the payments needed until a re-mortgage could complete.

I also note that Mr G and Miss J made it clear from February 2024 that they were not in a financial position to be able to pay the full monthly payments to their existing mortgage. As such, I think they would have been in the same position as they were, no matter what M&P had said to them about those payments.

Mr G and Miss J have said that they have researched timings for mortgages and the average mortgage takes four to eight weeks, whereas it took ten weeks on top of that for them to be told that M&P could not help them. This resulted in them having to take a larger mortgage at a higher interest rate.

While I would expect that on an average mortgage application a mortgage offer would be made between six and eight weeks, that is an average. If the requirements are unusual or there are problems, it can take considerably longer for a lender to make a decision on an application. In this case, Mr G and Miss J's re-mortgage was for a shared ownership property, which meant there would have been less options available to them. However, the main reasons for the application taking as long to be fully considered by Lender B was due to the issue with Miss J's credit file, the time it took for the last of the information about Mr G's accountant being provided and the problems caused by the valuation. M&P was not responsible for any of those issues and could not have prevented them from happening.

Overall, while I think M&P delayed telling Mr G and Miss J that it was unable to find them a mortgage, I don't think it made any significant difference to the situation Mr G and Miss J found themselves in. However, I am minded to conclude that Mr G and Miss J would have been able to re-mortgage to their current, lower interest rate two weeks earlier than they eventually did. As such, I consider that M&P should reimburse Mr G and Miss J the difference between the interest they were charged by their existing lender on the mortgage balance of £88,077.25 and that which they would have been charged by their new lender. The interest rates are 11.30% and 6.24% respectively. Interest should be added to the resultant sum from 2 August 2024, when reasonably the re-mortgage would have completed but for the M&P delay, to the date of settlement.*

I have also considered the service Mr G and Miss J received. Miss J was understandably eager for the application to progress as quickly as possible and so kept in very regular touch with M&P. In the earlier stages of the application process M&P responded to that contact quickly and effectively. However, as time progressed the contact was not as frequent as M&P was often waiting for information and so there were no updates to provide – I don't think M&P acted inappropriately in this. That said, by April 2024 Miss J was very concerned, and I don't consider the communication from M&P was sufficient or adequate. Indeed, on one occasion the adviser felt the need to assure Miss J she was not ignoring her, which highlights that even at the time M&P was aware that it was not providing the service Mr G and Miss J could have expected.

I have considered this matter carefully and I think that M&P should reasonably compensate Mr G and Miss J for the poor service they received. Overall, I am minded to award £250 compensation for the additional upset and inconvenience M&P added to what was always going to be a difficult and stressful situation.

**Interest is at a rate of 8% simple per year and paid on the amount specified and from/to the dates stated. If M&P considers that it's required by HM Revenue & Customs to deduct income tax from any interest due to Mr G and Miss J, it should tell them how much it's taken off. It should also give them a certificate showing this if they ask for one, so they can reclaim the tax from HM Revenue & Customs if appropriate.'*

Mr G and Miss J said that they had no further evidence they wanted considered.

M&P did not respond to the provisional decision, despite having been reminded to do so. However, I am satisfied that it received the provisional decision, as it and the chaser were sent to the email address M&P had used in its correspondence with us.

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 have reviewed the file again in its entirety and I have revisited my provisional decision. Having done so, and in the absence of any additional evidence or comment, my conclusions have not changed.

Putting things right

In settlement of this complaint Medical & Professional Investment LLP should:

- Pay the difference between the interest Mr G and Miss J were charged by their existing lender (at 11.30% p.a.) and that which they would have paid to their new lender (at

6.24% p.a.) on the balance of their existing mortgage of £88,077.25 for a period of two weeks.

- Interest* should be added to the resultant sum from 2 August 2024, when reasonably the re-mortgage would have completed but for the M&P delay, to the date of settlement.
- Pay £250 compensation for the upset and inconvenience suffered.

*Interest is at a rate of 8% simple per year and paid on the amount specified and from/to the dates stated. If M&P considers that it's required by HM Revenue & Customs to deduct income tax from any interest due to Mr G and Miss J, it should tell them how much it's taken off. It should also give them a certificate showing this if they ask for one, so they can reclaim the tax from HM Revenue & Customs if appropriate.'

My final decision

My decision is that I uphold this complaint in part. I require Medical & Professional Investment LLP to settle the complaint as detailed above in 'Putting things right'. Under the rules of the Financial Ombudsman Service, I am required to ask Mr G and Miss J to accept or reject my decision before 2 May 2025.

Derry Baxter
Ombudsman