

## **The complaint**

Mr and Mrs L complain about the service they got from the appointed representative of Mortgage Advice Bureau Limited ("MAB") who they had approached for assistance in a mortgage application at a time when they were self-building their new home.

## **What happened**

Mr and Mrs L had started on self-building their new home. They had a bridging loan for £259,199.00 taken out on 29 March 2023 for 12 months, and required a further such loan that would carry them beyond that date until the house completed and then a standard residential mortgage thereafter. Mr and Mrs L have brought a number of complaints arising out of this this against financial institutions. This complaint relates only to MAB.

MAB advised Mr and Mrs L on an exit mortgage and recommended a lender in a mortgage suitability report dated 14 February 2024. Mr and Mrs L paid the lender's valuation and administration fees of £1,370.00. Mr and Mrs L were subsequently told on 7 March that there was no response from the lender but that it seemed to have an issue with the method of construction of the property. This was not a traditional build but involved using Modern Methods of Construction ("MMC"). Mr and Mrs L say that this was disclosed to the broker at the start, and it should not have suggested that Mr and Mrs L apply to a lender that would not accept this method of construction.

Our investigator didn't recommend that this complaint should be upheld as the proposed new lender rejected the application because the valuer said that the property wasn't readily saleable and mortgageable and that the risk of a negative valuation valuation had been explained to Mr and Mrs L. Mr and Mrs L disagreed saying in summary that the decision from the lender hadn't been communicated in a timely manner given that Mr and Mrs L needed a new exit mortgage in place by 30 March, that the broker had failed to provide an adequate service as demonstrated by emails of 11 and 22 March and MAB should not have submitted the application to the lender if the application was not within its policy requirements.

## **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 and Mrs L have a number of complaints arising from how they were dealt with by a number of financial institutions when they were trying to organise their finances to complete their self-build on their new home. The complaint I am dealing with here is in relation to the appointed representative of MAB who were advising on their exit mortgage from the bridging finance. MAB wasn't advising on the bridging finance which was dealt with by a separate company. The complaint relates to whether MAB should have referred Mr and Mrs L to a particular lender which refused the application after it instructed a valuation which Mr and Mrs L paid for. Mr and Mrs L say that the valuer refused it because of the method of construction of the property, that this method was known to MAB and so they should not have recommended a lender to them that found this method of construction unacceptable.

The question here is whether MAB was wrong to recommend the lender who refused the mortgage and the lapse of time between MAB being made aware that the application was refused and informing Mr and Mrs L of that. MAB recommended the lender in its suitability report of 14 February 2024. The property being offered as security by Mr and Mrs L was not of a traditional build, which was known to MAB, and we would have expected MAB to check that the type of property would be capable of meeting the lender's eligibility criteria. I would not expect MAB to inspect the property beforehand to assess its condition. Whether the actual property met the lender's criteria would be a matter for the lender to decide with advice from its valuer and I'm satisfied that Mr and Mrs L were aware of the risks involved in the valuation both from MAB and from their previous experiences.

My view is that the construction type of the property, MMC, was capable of meeting the lender's eligibility criteria. I say that on the basis of information from various sources - the broker tells me that it's included in the lender's published criteria and a search engine search confirms that and the lender's referral back to the valuer on a post valuation query says "*as per our valuation guidance the subject is a bespoke build and being purchased for owner occupation which can be considered*". So, I see nothing wrong with MAB's recommendation that Mr and Mrs L apply to this particular lender. Unfortunately, the application was then refused by the lender on advice from its valuer. But that's outside MAB's control.

The other issue is the time lapse between the broker being informed by the lender of the refusal on 29 February and informing Mr and Mrs L of the likely refusal on 11 March. The MAB adviser says that in the meantime he was trying to get the decision overturned. He says he was incredulous with the lender's decision as he had sent in the details for this property to the lender to look at in advance so couldn't understand why the application was refused and hoped to get that decision overturned.

Whilst it would have been better to have told Mr and Mrs L immediately about the decision and agreed a strategy with them, I believe that it was reasonable for the adviser to assume that Mr and Mrs L would have wanted him to press ahead with appealing the decision given their investment of time and money in this application and also given that the broker considered that there were good grounds to do so and the broker wasn't charging for his time, I appreciate that there is no paper trail of this appeal as it appears to be by way of phone contact but given the broker's own interest in the application succeeding I consider that it's likely to have happened. So, I can't fault the broker for doing so and for the above reasons I can't fairly uphold this complaint.

### **My final decision**

My decision is that I do not uphold his complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs L and Mr L to accept or reject my decision before 24 July 2025.

Gerard McManus  
**Ombudsman**