

The complaint

Ms M and Mr M, who are mother and son, complain about mortgage advice they were given by an appointed representative of Mortgage Advice Bureau Limited (MAB).

What happened

Ms M and Mr M had a mortgage with a lender I'll call S. Their fixed rate was due to expire on 2 January 2024, so in November 2023 they contacted MAB's representative to discuss remortgaging. The mortgage was originally taken out on a joint borrower / sole proprietor basis – this is Ms M's property, but Mr M lives with her and was included on the mortgage to make it more affordable for Ms M. As her income had since increased, Ms M was considering removing Mr M when re-mortgaging, though they've also said both of them were content for him to remain a party if that proved still to be necessary.

The staff member Ms M and Mr M were dealing with left MAB in December 2023, and so a new adviser contacted them. This adviser carried out a fact find on 27 December and provided an illustration of a part and part fixed rate mortgage in joint names with a lender I'll call T. He also provided an illustration of a repayment fixed rate mortgage in Ms M's sole name with a lender I'll call G.

On 18 January 2024 a mortgage application was submitted to a lender I'll call L. This was for an interest only mortgage in Ms M's sole name. The application form was for a fixed rate mortgage, though the adviser later told Ms M that it was a variable rate. On 13 March 2024 L declined the application because it wasn't willing to lend where a joint mortgage was being converted to a sole mortgage where the party being removed would continue to live in the property.

On 18 March 2024, MAB provided an illustration for a new mortgage, this time on repayment terms with a lender I'll call H and in joint names.

Meanwhile, frustrated at the delay, Ms M and Mr M had approached a different broker. The other broker arranged a joint mortgage with a lender I'll call N – N issued an offer on 20 March. Ms M and Mr M went ahead with N's mortgage, arranged by the other broker, and it completed on 15 April, based on a two year fixed rate of 5.09%.

Ms M and Mr M complained. They said that MAB had caused confusion and delay and meant that they'd had to pay a higher interest rate to S after the expiry of their old fixed rate at the start of January 2024. Despite first asking for advice in November, nothing had happened until the end of December 2023. Even then, it took weeks for a mortgage application to be submitted and the broker was not pro-active and didn't keep them informed of its progress.

MAB agreed that its representative had not been pro-active, and there was a delay in submitting an application after it was first instructed. However, it said delays after 18 January were the responsibility of L. It also said that even if it hadn't delayed in submitting the initial application, there wouldn't have been enough time to arrange a new mortgage before the expiry of the fixed rate with S, so it wasn't responsible for Ms M and Mr M paying more

interest. It offered £500 compensation for the upset caused.

Our investigator said that MAB had caused avoidable delay. It ought to have realised sooner that it wouldn't be possible for Ms M to re-mortgage into her sole name and advised Ms M and Mr M about that. She said that if it had done so, they would have completed on their new mortgage sooner. If it had done that in November or December, they would have been able to complete a re-mortgage at the end of S's fixed rate. She said that at that time N had a fixed rate of 4.99% available, so MAB should compensate Ms M and Mr M by paying them the difference between S's SVR and 4.99% between 3 January and 15 April 2024, and the difference between 4.99% and 5.09% for the remainder of the two years. She said it should pay them £750 compensation and refund any broker fee it had charged.

MAB didn't accept that. It said that Ms M wanted to apply for a sole mortgage, and it followed her instructions. And it wasn't responsible for delays in L considering the application. It said that its offer of £500 compensation was fair. As no agreement could be reached, the case comes to me for a final decision to be made.

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.

Having done so, I agree with the investigator that this complaint should be upheld.

Ms M and Mr M approached MAB for advice in November 2023, but it appears MAB took no action until chased in late December. It appears this was because the staff member originally dealing with them left and another was put in place. But that wasn't Ms M and Mr M's responsibility; MAB should have had arrangements in place to ensure that the departing staff member's work was properly progressed.

Once an adviser spoke to Ms M on 27 December, it still took three more weeks for an application to be submitted. It's not clear why that took so long.

It then took almost two months for the lender, L, to decline the application. I haven't seen much evidence of contact between L and MAB, but judging from the contact between Ms M and MAB over this period, it appears that MAB was not being pro-active and was only requesting further information from Ms M when she chased it.

L rejected the application because it was an application for a mortgage in a sole name to replace a mortgage in joint names, where the party coming off the mortgage would remain living in the property. I agree with MAB that this is a relatively unusual situation. It's one that would be unlikely to be acceptable to most lenders. In my view, MAB ought to have known that – or at least, ought to have checked with L at the outset whether this is something it would have accepted. Had it done that, MAB would have understood that it wouldn't be acceptable, and so an application to L would never have been submitted.

I'm satisfied that all this ought to have been explored with Ms M in November 2023. Had that happened, MAB would have been able to advise Ms M that an application in her sole name would be unlikely to succeed, and then Ms M would have decided – as she later did decide – to go ahead retaining the mortgage in joint names. I don't agree with MAB that it had to submit an application on a sole basis because that was what Ms M wanted. She's made clear that was her preference, but that she was also happy for Mr M to remain on the mortgage if it wasn't possible to remove him. And it's MAB's responsibility to advise on a suitable mortgage – which includes giving Ms M clear advice about what's realistically possible so she can make an informed decision, not just submitting an application for

something that isn't possible because that was her initial preference.

The other broker was able to arrange a joint mortgage which completed within a few weeks. In my experience, that's not unusual for a straightforward re-mortgage, as this would have been had MAB advised Ms M that a sole borrower application wouldn't succeed when it should have done.

Taking all that into account, therefore, I'm satisfied that if MAB had acted on Ms M and Mr M's initial request for advice in November, given Ms M realistic advice about what was possible, and then submitted a joint re-mortgage application, there was no reason why a new mortgage could not have completed in time to coincide with the end of the fixed rate on the old mortgage with S.

Putting things right

That being the case, in my view MAB is responsible for the extra interest Ms M and Mr M had to pay on the mortgage with S between the end of the old fixed rate and the new mortgage they ended up taking with N. Had a re-mortgage been arranged sooner, they would also have ended up on a better interest rate. Given they actually took a mortgage with N, I will take the interest rates N had available at the time an application ought to have been submitted as a reasonable proxy for the financial loss MAB's delays caused them. At the relevant time, N had a two year fixed rate of 4.99% - instead of the 5.09% they ended up taking.

I'm also satisfied that Ms M in particular was caused a great deal of upset, frustration and inconvenience over a period of several months. She expected a new mortgage to be arranged, but that didn't happen in a timely way. She had to repeatedly chase MAB. It gave her conflicting information about what was actually being applied for, and submitted an unnecessary application it ought to have known would fail. The result was that she had to pay much more in mortgage payments than she ought to have done for several months. I agree that £750 compensation is fair in all the circumstances.

Finally, it's not entirely clear whether MAB's representative charged Ms M and Mr M a fee for its services. It seems not to have done. But, for completeness, if it did that fee should be refunded.

My final decision

My final decision is that I uphold this complaint. I direct Mortgage Advice Bureau Limited to:

- Pay Ms M and Mr M the difference between interest at 4.99% and interest at S's reversion rate on the mortgage balance from time to time, for the period from 3 January 2024 to 14 April 2024, adding simple annual interest of 8%* running from the date Ms M and Mr M made each mortgage interest payment during that period to the date of refund.
- Pay Ms M and Mr M the difference between interest at 4.99% and interest at 5.09% on the mortgage balance from time to time, for the period from 15 April 2024 to 31 July 2026. I do not require MAB to add 8% interest to past payments on this sum, since the detriment of being out of pocket for past payments is offset by the benefit of receiving compensation for future payments in advance.
- Pay Ms M and Mr M £750 compensation (less the £500 previously offered, if that has been paid already).
- Refund any fee MAB's representative charged for its service, if Ms M and Mr M paid a fee, adding simple annual interest of 8%* running from when they paid the fee to when it is refunded.

*MAB may deduct income tax from the 8% interest element of my award but should give Ms M and Mr M a tax certificate so they can reclaim the tax from HMRC if they are entitled to do so.

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

Simon Pugh
Ombudsman