

## The complaint

Mr and Mrs S' complaint is about the administration of their mortgage application by Mortgage Advice Bureau Limited (MAB). They are unhappy that, despite them asking for a lower interest rate product when it became available, MAB did not change it with the lender.

## What happened

In 2023 Mr and Mrs S were buying a new home that was yet to be built. They applied for a mortgage with the assistance of MAB. They had an existing mortgage with Lender H for approximately £252,000 and were porting an existing interest rate product, which would expire in May 2026, to the new mortgage. They were borrowing just over £462,000 in total and applied for a fixed interest rate product to cover the additional approximately £210,000 of borrowing. The new product gave them a fixed interest rate of 5.84% until 31 December 2025.

The application was accepted, and a mortgage offer was issued by the lender on 10 October 2023. Mr and Mrs S accepted the offer.

On 9 January 2024 Mr and Mrs S contacted MAB and asked if there was a lower fixed rate available for the increased borrowing.

On 10 January 2024 MAB responded. It said that the two-year fixed rate had reduced by at least 1%, and that it would provide an updated illustration the following day. MAB also highlighted that if the product was changed, the date it would end would also change – from December 2025 to February 2026 – and asked if that was ok for Mr and Mrs S. They did not respond to this question.

On 11 January 2024 MAB emailed Mr S to confirm that there were two, two-year fixed interest rate products available. The first was 4.99% with no fee and the second 4.69% with a £995 fee. Approximate monthly payments were given. MAB said that it would recommend the product without the fee and asked that Mr and Mrs S confirm that they were happy for it to proceed with the product change. It said if they confirmed that they wanted the alternative product, it would send them an updated illustration for the mortgage that would give accurate monthly payments. Mr and Mrs S did not respond to this email.

Mr S next emailed MAB in the evening of 19 January 2024, which due to the timing, MAB would have received on 22 January 2024, saying:

*'I have received the notification for date of entry from the builder and my solicitor is moving forward with the preparation of final settlement. Could you send me the final mortgage simulation and the mortgage rate applicable? This will allow me to validate the final case statement from my solicitor. Thanks and looking forward to your response.'*

MAB did not respond to this email. Mr and Mrs S did not contact MAB again until after the mortgage had completed.

Mr and Mrs S' lender has confirmed their solicitors provided it with the information it needed for the mortgage to be advanced on 22 January 2024 with a completion date of 15 February 2024.

Mr and Mrs S have told us that they were not aware that the interest rate product had not been changed until they received confirmation of the mortgage advance on 16 February 2024. They have said they approached MAB to ask it to change the interest rate. They complained about what had happened.

MAB responded to the complaint on 18 April 2024. It said that when Mr and Mrs S had been given information about alternative interest rate products and asked to confirm if they wanted to change to one of them, they did not respond. MAB confirmed that it could not change their application without their instruction, and as they did not provide such an instruction, the mortgage completed on the basis of the original application. However, MAB recognised that its adviser could have chased Mr and Mrs S for a response. As such, it offered them £300 compensation for any distress and inconvenience they suffered because it didn't do so.

Mr and Mrs S were not satisfied with MAB's response and asked this Service to consider their complaint.

MAB confirmed that it was not its practice to pro-actively contact every client awaiting completion whenever rates change. Rather it makes its customers aware that the recommendation it is making is based on the circumstances and available rates at the time of the application. If the customer wants to review rates post application, they need to initiate that happening. MAB also confirmed that it had not received any form of response to its email of 11 January 2024 and had not received the email of 22 January 2024 from Mr and Mrs S. However, MAB subsequently located a copy of that email, but said that it had not given it any instructions to change the interest rate product, rather it simply asked for an illustration so that they could compare it with the information their solicitors were providing.

One of our Investigators considered the complaint, and she recommended that it be upheld. She thought MAB should have chased Mr and Mrs S when they didn't respond to its email of 11 January 2024 and should have responded to their email of 22 January 2024. The Investigator considered that had these actions happened, Mr and Mrs S would most likely have confirmed that they wanted to change the interest rate product and would have received that rate on their increased borrowing. As such, she considered that MAB should pay Mr and Mrs S the difference between the payments they will make on the 5.84% interest rate product, and the 4.99% product they should be on from the start of their new mortgage to 31 December 2025 when the 5.84% product is due to end. The Investigator concluded the £300 compensation offered by MAB was appropriate in the circumstances.

MAB did not accept the Investigator's conclusions and asked that the complaint be referred to an Ombudsman. It said that while it accepted that its adviser could have been more proactive, it did not accept that the onus should fall solely on it, given that the Investigator had highlighted that Mr and Mrs S had not responded to the questions they had been asked. It confirmed that its processes meant that it had to have clear consent from all the parties to an application for changes to be made.

As part of our investigation, we asked Mr and Mrs S' lender how long it would have taken for a new mortgage offer to have been issued if it had received an instruction to change the interest rate product. It has confirmed that it would have taken up to two weeks for new offer documents to be sent out. We have also confirmed that the lender requires at least six working days' notice to release mortgage funds.

I issued a provisional decision on 15 May 2025, in which I set out my conclusions and reasons for reaching them. Below is an excerpt.

*'Mr and Mrs S were given advice in the autumn of 2023 and a mortgage was agreed on. From the contact in January 2024, it would appear that MAB made Mr and Mrs S aware that the interest rate product could be changed prior to the mortgage being advanced, and if they wanted to look at doing so, they should contact it in line with its procedures. I would at this point highlight that MAB would not have been aware of when Mr and Mrs S' property would be built and ready for the purchase to complete, and so what timescales they were working to. Mr and Mrs S were given the information they wanted – that there was a new product that would provide them with a lower interest rate if they wanted it. MAB asked them to confirm that they wanted to go ahead with the new product, if they did. Mr and Mrs S didn't do so. Given that Mr and Mrs S had initiated this process only two days earlier, and MAB gave them clear instructions for what they needed to do if they wanted the new product, I am not persuaded that MAB needed to do anything more at that point.*

*However, when Mr S contacted MAB later that month to ask for a copy of the mortgage illustration and confirmation of the interest rate product, MAB should have responded. So, I need to consider what I think would most likely have happened at that point if MAB had responded. As I have said above, Mr and Mrs S' lender has confirmed that if they'd asked for the interest rate product to be changed, they would have received a new offer within two weeks. Mr and Mrs S would have been able to accept such an offer via the lender's online banking system. So, I am satisfied that if MAB had responded to Mr S' email after it received it on 22 January 2024, there would have been time for a new interest rate product to have been put in place if Mr and Mrs S had gone back to MAB and asked for one.*

*In order to make an award for the financial loss Mr and Mrs S are claiming, I need to be persuaded that had MAB responded to Mr S' email of 19 January 2024, it is more likely than not that that would have resulted in a new interest rate product being applied for by the end of January 2024. Had MAB responded, I am satisfied that it would have likely simply forwarded a copy of the mortgage illustration that had been produced the previous autumn, which set out the amounts and interest rates that would apply to the new mortgage.*

*Mr and Mrs S didn't act on the information they'd been given earlier in January 2024, and they didn't chase a response to Mr S' subsequent email when it was not responded to. I also note that Mr S explained that he wanted the information from MAB to check the information he was expecting from the solicitors at completion.*

*In order for the interest rate product to have been changed, once Mr and Mrs S received the response from MAB, they would have needed to have reviewed it, realised that it was still the same product they had originally applied for, and questioned this. MAB would then have had to check what rates were available to Mr and Mrs S and send out new illustrations, followed by Mr and Mrs S confirming they wanted to change the rate. If they did that, an application would have needed to be made to the lender. As I have said above, given the timescale the lender has given for a new offer to have reached Mr and Mrs S before completion of the mortgage, this would have needed to happen by the end of January 2024.*

*Given that any information MAB provided following the 19 January 2024 email was to be used to check information that would not be available until the middle of February 2024, it's not clear if it had been provided, when it would have been looked at. In light of Mr and Mrs S' previous actions, or lack thereof, and the purpose of the information they'd asked for, I am not persuaded that it is more likely than not that a new application would have been made in time for the interest rate product to have been changed before the mortgage was advanced.*

*As such, I do not propose to uphold the part of the complaint relating to mistakes on MAB's part having meant that Mr and Mrs S' increased borrowing was advanced with a higher interest rate product attached to it than would have been, but for MAB's error.*

*MAB offered Mr and Mrs S £300 for the poor service they received from it. Having considered the circumstances, I am satisfied this amount is appropriate and proportionate to the error it made.'*

MAB accepted my provisional decision. Mr and Mrs S did not. They said that I had missed from my assessment that the last communication in the chain was from Mr S and that I was wrong that if MAB had responded, it would not have made a difference. They said that they were under the impression that the lower rate had been attached to the mortgage and had a response been received, it would have raised a red flag, forcing another discussion. However, the lack of response from MAB meant they hadn't had the opportunity to take corrective action. Mr and Mrs S also said that MAB had said during the initial discussions that it would proactively initiate an application for a lower rate, but it didn't do so.

Mr and Mrs S also said that MAB had not provided the illustrations it had said it would send them in its email of 10 January 2024. However, despite this, Mr S had called MAB to tell it to apply for the lower rate. Mr and Mrs S have said that the lack of input from MAB combined with the verbal promise from the adviser, gave them a false sense of confidence that they had been moved to a lower rate. As such, Mr and Mrs S didn't consider that my provisional decision represented a fair outcome for them and it was not acceptable.

As Mr and Mrs S had not previously mentioned having telephoned MAB to instruct it to apply for the lower interest rate, and MAB's records don't document it having received such a call, I asked Mr S to provide evidence of the call from his telephone call logs or similar.

In response Mr and Mrs S reiterated that Mr S had called MAB following its email of 11 January 2024, but they did not provide any supporting evidence of the call having been made. However, Mr and Mrs S provided an undated email they had not provided previously. While the email is undated, its contents would indicate it was a response to MAB's email of 10 January 2024. The email said that Mr and Mrs S were fine with any new interest rate product having a later end date.

### **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 considered the email that Mr and Mrs S have now provided, which appears to be in response to MAB's email of 10 January 2024. I note that the email is not dated, as all the other emails from Mr S are in the email chains that he and MAB have provided. In light of this, the fact that MAB's records don't have any record of the email and that it has not previously been mentioned to MAB or this Service, I can't be certain that it was sent, and if it was, it would not appear that it was received by MAB. This is also supported by the fact that there was no reference to the email's contents when MAB provided its further response on 11 January 2024.

In relation to the telephone call Mr S has said he recollects making after the email of 11 January 2024, this had not been mentioned before my provisional decision. In addition, there is no record of it on MAB's records. As such, I asked Mr and Mrs S if they could provide any supporting evidence of the call – such as call logs or a telephone bill with a call listing. No supporting evidence has been provided and, in general, we tend to consider that earlier recollections during the course of a complaint tend to be more reliable, as they have

not been influence by our investigation. As such, it is of note that this telephone call was not mentioned during the earlier stages of our investigation.

I note that Mr and Mrs S have said that they consider that had MAB responded to their email of 19 January 2024 they would have taken action to ensure they had a new interest rate product. However, having reviewed the events again, I am not persuaded by the further submissions to change my conclusions. I remain of the conclusion that it is not more likely that not that a new application would have been made for a lower interest rate product.

### **My final decision**

Mortgage Advice Bureau Limited has already made an offer to pay Mr and Mrs S £300 to settle the complaint and I am satisfied this offer is fair in all the circumstances. As such, my final decision is that Mortgage Advice Bureau Limited should pay £300 in full and final settlement of this complaint.

Under the rules of the Financial Ombudsman Service, I am required to ask Mr and Mrs S to accept or reject my decision before 14 July 2025.

Derry Baxter  
**Ombudsman**