

The complaint

Miss P complains that Mortgager Advice Bureau Limited (MAB) did not submit an application for a rate switch on her mortgage. As a result, she has had to take a higher interest rate.

What happened

In January 2024, Miss P contacted Start Financial Services (a trading name of LRG Financial Services Limited) for mortgage advice. LRG is an appointed representative of MAB – but I will refer to MAB throughout for ease and as it is the respondent.

Miss P's existing mortgage deal was coming to an end on 31 May 2024. In February 2024, MAB gave her details of the new interest rates that were available to her. Miss P said she wanted to go ahead with a five-year fixed rate of 3.99% with no fee with her existing lender, lender N. Miss P told MAB that she wanted to secure that rate. MAB said the best thing to do was to reserve the rate and it would look out for better deals – that way Miss P would not miss out on the deal if rates went up.

MAB went on to recommend that Miss P should take a five-year fixed rate of 4.03% with no fee with lender D. That application was delayed and by 30 May 2024 no offer was issued. So Miss P took a five-year fixed rate with lender N of 4.58%.

Miss P complains that MAB did not secure the mortgage deal she was promised. She wants it to pay her the difference between what has is paying and what she would have paid had she secured the 3.99% rate. She also wants the £499 fee she paid for mortgage advice in 2021 refunded.

The investigator thought the complaint should be upheld. He said MAB should pay the difference between the 4.58% rate and the 3.99% rate over the five-year term. He also said MAB should pay £300 for the distress and inconvenience caused to Miss P. He did not think it should refund the fee it charged in 2021.

Miss P accepted what the investigator said. MAB did not. It responded to make a number of points, including:

- Miss P was reasonably aware that an application was being submitted to lender D.
- The 3.99% product was removed from the market by lender N so Miss P could never have proceeded with the application.

What I've decided – and

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

I am satisfied that the evidence we have supports that on 24 January 2024 MAB told Miss P that she could have a five year fixed rate of 3.99%. On 9 February 2024 MAB told Miss P that deal was still available. And on 10 February 2024 Miss P said she wanted to reserve

that deal. On 12 February MAB said the best thing to do was to reserve the deal so she did not miss out.

I consider that Miss P told MAB that she wanted to proceed with the 3.99% deal. Despite several requests MAB has not given us any evidence that the 3.99% rate had been withdrawn on 12 February 2024. The adviser's reply would appear to support that the rate was still available on that date.

MAB has not been able to give us any evidence to support that the rate had been withdrawn on 12 February 2024 or that it took any steps to reserve the rate as it promised Miss P it would. There is no evidence that MAB told Miss P that the rate was not available.

Under our rules, I can take into account the failure of a party to provide information. On balance, taking into account all of the available evidence and the failure of MAB to provide evidence to support its position, I consider it more likely that the 3.99% rate was available and that the reason Miss P did not take it was because MAB did not reserve the rate as it should have. So I do not consider MAB acted fairly or reasonably in dealing with Miss P's application.

The evidence appears to show that it was only later that MAB told Miss B it had in fact reserved a different rate with another lender. I do not consider that it made that sufficiently clear to Miss P. The evidence we have shows she was surprised when she found that out.

Nevertheless, I can see that Miss P pursued that application. But it was unable to compete before her existing deal ended – and it was not clear when lender D would issue an offers. In the circumstances I think it was reasonable for Miss P to take steps to avoid reverting to her lender's standard variable rate to mitigate her loss. And bearing in mind the time constraints I can't see there were any other realistic options than taking a rate switch with her existing lender.

In the individual circumstances of this complaint I consider it is fair for MAB to pay Miss P the difference between what her payments would have been on the 3.99% fixed rate and what she will pay on the 4.58% fixed rate over the full 60 months.

While Miss P has been deprived of the additional amount she has had to pay on the fixed rate so far, I am not awarding interest on that amount. That is because there is some benefit to her in receiving the remaining difference up front, before the payments become due.

This matter has clearly caused Miss P some avoidable stress, worry and inconvenience. I agree with the investigator that £300 is a fair amount of compensation to reflect that.

Lastly, for completeness, I agree that there is no reason for MAB to refund the fee it charged Miss P in 2021. It gave her mortgage advice then and it was reasonable for it to charge her for that.

My final decision

My final decision is that Mortgage Advice bureau Limited should:

- Pay Miss P the difference between what she will pay on her fixed rate of 4.58% over 60 months and what she would have paid had a fixed rate of 3.99%.
- Pay Miss P £300.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss P to accept

or reject my decision before 1 October 2025.

Ken Rose
Ombudsman