

The complaint

Mr C and Mrs W's complaint is about the service they received from a mortgage broker that represented Mortgage Advice Bureau Limited (MAB) in 2023 and 2024. They have said they were misled into believing that they had a mortgage offer in place, which was not the case, and so commissioned solicitors to act on their behalf, which incurred fees that were not refundable.

In settlement of the complaint, Mr C and Mrs W want MAB to reimburse the legal fees and pay them more compensation.

What happened

In 2023 Mr C and Mrs W were looking at purchasing a property on a new development, which was being marketed at £362,000. MAB has explained that as part of the process, the developer wanted checks made to ensure that anyone who reserved a property was likely to be able to get a mortgage for the amount they needed to purchase a property. The developer had an arrangement for MAB to complete this process. As such, Mr C and Mrs W spoke to MAB. They had already spoken to another business and been told that they could have a mortgage over 20 years for around £50,000 less than they needed to purchase the property they wanted.

Mr C spoke to MAB on 13 November 2023 and details of their circumstances were taken, and Mr C said to MAB *"What I just need for you to do, is, ok, on the basis of the income you've given me, I could qualify for X, on what term, and what interest rate, give me a sort of range, I'm not nailing you to an exact number. And then we can look at the cash-flow payment here and move forward from there. Is that doable for you?"* MAB then looked at the criteria for the lenders it dealt with and identified one that would potentially lend them the amount they wanted (and possibly more) over a term of 30 years. MAB confirmed that agreement to lend would be subject to the discretion of the underwriters at the lender, and credit checks.

MAB said that it would send Mr C a list of the documentation it needed for an application to be completed. It also said that it would send the developer an email to say that, subject to credit check, Mr C and Mrs W *"looked good to proceed"*.

On the same day MAB emailed Mr C. It said:

'From the conversation we just had, the lender [C], will lend up to a 30-year term on a repayment mortgage subject to the credit check.

They will lend the £260,000 needed and will lend up to £350,000 at a maximum from the information you have provided for the pension income'

On 29 November 2023 MAB tried to call Mr C and left him a message. It told Mr C that a decision in principle (DIP) had been passed with a different lender to that discussed previously. As such, it would send over a certificate, which it did. The certificate was titled 'Your Mortgage Certificate'. This document stated that Mr C and Mrs W had been accepted

for a borrowing amount of £252,000. It went on to say that when they had found a property and were ready to make a reservation, they should contact MAB and it would guide them through the process. The document included a statement:

'This certificate is based on information supplied and your requested borrowing amount. This is subject to confirmation of status and valuation. If you decide to look at another property, please contact us as your borrowing amounts may change.'

It appears that at some point after this, Mr C and Mrs W decided not to purchase the property they were initially looking at and found an alternative property. It also seems that MAB sent Mr C and Mrs W forms to complete and return to move the mortgage process forwards.

At the beginning of January 2024 MAB attempted to speak to Mr C. It left a message saying that it was calling to see how they had got on reserving a property. It was at this point that MAB told Mr C and Mrs W that the person they'd spoken to in November 2024 had left its employ. MAB suggested that Mr C call it back and it would see what it could do for them.

MAB called Mr C again the following day – 4 January 2024 – explaining that it wanted to catch-up about the forms it had sent to Mr C and Mrs W. Mr C told MAB that the agent was holding up the process and he would be chasing matters up with the solicitor that day. He confirmed that they needed to provide the solicitors with evidence of the source of the deposit, which wasn't available yet. Mr C said that everything needed would be ready the following day and he would call MAB. He did not do so.

MAB tried calling Mr C again on 10 January 2024, but was unable to speak to him. The next contact it had with Mr C wasn't until the end of May 2024. At this point, due to Mr C and Mrs W's requirements, ages and sources of income, MAB was unable to source a mortgage for them.

Mr C and Mrs W have told us that when their property purchase had progressed in June 2024, they contacted MAB again. At that time, they've said they discovered that the person they had previously dealt with had left the organisation. They asked for details of what the monthly payments would be for the proposed mortgage. They were asked for evidence of their income, which had been provided when they first spoke to MAB. Mr C and Mrs W said they were then ignored by MAB when they asked for a '*formal offer*' and it supplied them with no information. As such, they engaged another broker who tried to obtain a 30-year mortgage for them and could not do so, nor could it find an offer '*approaching that made by*' MAB.

Mr C and Mrs W raised their complaint on 12 June 2024 about MAB having misrepresented a mortgage offer to them. They said that they believed MAB's actions constituted a breach of the FCA's Principles for Business, particularly in relation to integrity, skill, care and diligence, as well as fair treatment of customers.

MAB responded to the complaint on 7 August 2024. It set out what had happened and accepted that the person Mr C and Mrs W had initially spoken to might have raised their expectations about MAB being able to source a mortgage for them. It offered them £100 compensation in this regard, which it later increased to £150. However, it did not accept that it had misled them into believing there was a mortgage offer in place. MAB also didn't think that Mr C and Mrs W had been disadvantaged by not being told that the person they'd spoken to had left its employ.

Mr C and Mrs W were not satisfied with the response they received and asked this Service to consider their complaint. They set out that the key issues were that the 'Your Mortgage Certificate':

- did not state the length of the mortgage term, which they consider is crucial information for understanding the long-term financial commitment that a mortgage is. All it referenced was the amount borrowable, based on a purchase price.
- failed to disclose the interest rate applicable to the mortgage, making it impossible for them to accurately assess the cost of borrowing and the overall financial implications.

In addition, Mr C and Mrs W said that MAB failed to discuss the impact of their age on the 'Your Mortgage Certificate'. They explained that they had recently discovered that their age significantly limits the available mortgage terms, which has a substantial impact on the monthly repayments and the affordability of the mortgage, regardless of their net monthly income.

Mr C and Mrs W are also unhappy that the individual broker they had spoken to had left MAB, but didn't tell them and neither did MAB. They had only discovered that this was the case in June 2024 when the purchase they were making had progressed. They have told us that they were never provided a formal mortgage offer, although they consider the overall information they were given by MAB 'mimicked the effect of a mortgage offer'. Furthermore, when they did ask for a mortgage offer, MAB ignored them. Mr C and Mrs W said they then changed mortgage broker. That broker was unable to find them a mortgage over the 30-year term they wanted. This resulted in the property purchase falling through.

One of our Investigators considered the complaint and recommended that it be upheld. She did not consider that MAB did enough to explain to Mr C and Mrs W that the 'Your Mortgage Certificate' was not a mortgage offer. As such, she considered that MAB should reimburse the legal costs Mr C and Mrs W had incurred on the failed property purchase.

MAB did not accept the Investigator's conclusions and asked that the complaint be referred to an Ombudsman. It said that it accepted that some of the communication with Mr C and Mrs W may not have managed their expectations as well as it could have, but they were not speaking to it in order to arrange a mortgage – solely to see if they had affordability in principle for the purposes of the developer that had referred them. It also highlighted that Mr C and Mrs W were never given a DIP, no application had been made, and no mortgage offer could have been made. In relation to the legal costs Mr C and Mrs W incurred, MAB said that nothing it gave them suggested or encouraged them to have legal work done, and when it spoke to them, they didn't even have a property secured. So Mr C and Mrs W incurring legal costs was not foreseeable in November 2023.

As agreement could not be reached, the complaint has been passed to me to consider.

I issued a provisional decision on 29 September 2025, in which I set out my conclusions and reasons for reaching them. Below is an excerpt.

'I would firstly comment on the matter relating to the member of staff at MAB having left. I can understand that Mr C and Mrs W would have been disappointed that they could not continue dealing with a member of staff that Mr C clearly got on well with in November 2023. However, I can't agree that it was not until Mr C and Mrs W went back to MAB in the spring of 2024 that they were told he had left. This information was given to Mr C at the beginning of January 2024. I don't know when the member of staff left MAB, but it was only around five weeks after the last contact with him that MAB told Mr C he'd gone – the next time it contacted him. I don't think that if there was a slight delay in Mr C and Mrs W being informed, it caused them any detriment.'

I have considered what information Mr C and Mrs W were given by MAB and I think that it could and should have provided Mr C and Mrs W with a better explanation of the process for applying for a mortgage and what stage they were completing in November 2023. That said, as they had already gone through the same part of the process recently elsewhere, I think they would have had some idea about at least the stage of the process they were at.

That said, having listened to the conversations that were had in 2023 and what Mr C and Mrs W have said since making their complaint, I am satisfied that they knew they had not completed a mortgage application, and they did not have a mortgage offer. Mr C and Mrs W have confirmed that they contacted MAB in May 2024 to get a mortgage offer.

Indeed, having listened to Mr C's call with MAB on 13 November 2023, I don't consider that he was intending to make a mortgage application at that time. He made it clear that he was speaking to MAB to get an idea of what it could do for him. It is clear that no application was made, indeed, Mr C and Mrs W hadn't selected a property to purchase at that point and so couldn't have applied for a mortgage. They were told that once they had a property secured, they should revert to MAB and it would guide them through the rest of the process. It was also made clear that further checks would have to be done before a mortgage was agreed.

I note that Mr C and Mrs W have said that the combination of the 'certificate' and what they had been told, mimicked the effect of a mortgage offer. I am not persuaded that is the case. They were told on more than one occasion that more checks were needed before the lenders mentioned would confirm they would lend. In addition, MAB had sent Mr C and Mrs W forms to complete and return to move the process on – which they did not complete and return. It also asked them to confirm when they'd decided on a property, but again this was not done.

It appears that Mr C and Mrs W assumed that the final checks needed for them to be accepted for a mortgage would not be a problem, that isn't something I can hold MAB responsible for. It was never guaranteed that Mr C and Mrs W would be accepted for a mortgage and that couldn't have been known until they had completed an application. The fact that they moved forward with their purchase, including commissioning solicitors, without having applied for a mortgage and been accepted is a choice they were entitled to make, but I am not persuaded they did so because of what MAB did or said to them.

Overall, I don't consider that MAB can reasonably be asked to reimburse Mr C and Mrs W for the legal costs they incurred in the failed property purchase, as I am satisfied that they knew that no mortgage application had been made and they did not have a mortgage offer.

That said, the service MAB provided was not of the standard it should have been. I have carefully considered its offer of compensation, and I am satisfied that it is appropriate and proportionate in the circumstances.'

MAB confirmed it had no further comments to add. Mr C and Mrs W did not respond to my provisional decision, but I am satisfied they received it. I say this as both the provisional decision, and a reminder of the deadline for response, were sent to the email address we have used for corresponding with them throughout the complaint.

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 light of the fact that no further comments or evidence have been provided, my conclusions have not changed.

My final decision

Mortgage Advice Bureau Limited has already made an offer to pay Mr C and Mrs W £150 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 £150 in full and final settlement of this complaint.

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

Derry Baxter
Ombudsman