

The complaint

Mr and Mrs M's complaint is about the service they received from KIS FINANCE LIMITED trading as Keeping it Simple Finance when they were attempting to refinance lending secured on their home in 2024.

What happened

In the autumn of 2024 Mr and Mrs M had an existing bridging loan secured on their home, which was due to be repaid on 17 January 2025. They have told us their repayment strategy was to sell their three rental properties (all of which had buy-to-let (BTL) mortgages attached to them) and take an equity release arrangement on their home. However, those plans had been delayed because of difficulties getting tenants to leave the rental properties, and they needed to refinance the borrowing. They asked KIS to assist them in doing so in the autumn of 2024. They needed around £365,000 to repay the existing bridging loan and wanted a further £10,000 to complete some renovations on their home before selling it.

KIS was unable to find a lender that was willing to provide a bridging loan for the amount Mr and Mrs M needed. However, it identified one that would agree a bridging loan for £358,000 and a second charge loan on one of Mr and Mrs M's rental properties, which would provide the additional £17,000 needed. Mr and Mrs M accepted the recommendation on 6 November 2024. A mortgage offer was issued on 26 November 2024, which was valid for 90 days.

However, when the first charge BTL lender was asked permission in January 2025 for the second charge to be attached to the rental property, it did not agree to that happening. Its reason was that the existing mortgage exceeded the maximum loan-to-value (LTV) limit it placed on its own lending for a second charge application to be considered. While the new bridging loan could proceed, it would not release enough for Mr and Mrs M to fully repay the existing bridging loan on time.

KIS remained involved. It tried to persuade the new bridging loan provider to increase the amount it would lend by the amount needed to clear the existing bridging loan. When that was not agreed, KIS arranged for the existing lender to extend the term of its loan so that Mr and Mrs M could use funds from the sale of one of their rental properties that was due to complete shortly. The arrangements completed on 10 February 2025, which meant the existing bridging loan was repaid less than four weeks later than it should have been, with associated additional cost.

Mr and Mrs M said they considered that KIS should have contacted the BTL lender to ask it whether it would consent to the second charge before it recommended the arrangement it did. KIS responded to the complaint, but it didn't uphold it. It was satisfied the advice was suitable and it had done what it should have, indeed, it said it had done more than would be expected of it.

As Mr and Mrs M were dissatisfied with the response they received, they asked us to consider their complaint. They said that KIS should have known that there was a high risk of the second charge mortgage being rejected and it should have had a back-up plan in place,

such as a re-mortgage of one or more of their rental properties. Mr and Mrs M also believe that when consent for the second charge mortgage had not been received by late November/early December, KIS should have moved to the back-up plan they believe should have been in place. Subsequently Mr and Mrs M said that they thought KIS should have suggested that they take out another bridging loan on two of their rental properties, which they believe would have generated more than the shortfall amount to clear the existing bridging loan and give them the additional money they required.

One of our Investigators considered the complaint and she recommended that it be upheld in part. She was satisfied that KIS had recommended suitable arrangements, but that it should have managed Mr and Mrs M's expectations better, given the difficulty of obtaining the amount of borrowing they needed. She recommended KIS pay Mr and Mrs M £300 compensation for the poor service they had received.

Mr and Mrs M didn't accept the Investigator's conclusions. They disagreed that they would always have likely been in the position they were when their bridging loan was due to be repaid. Mr and Mrs M believed that had KIS made them aware that the second charge mortgage might not go ahead they would have sought assistance elsewhere and believe that they would have been able to raise all of the money they needed in time to repay the bridging loan on time.

KIS also didn't accept the Investigator's conclusions about some issues. It stated that no broker it was aware of would interact directly with a first charge lender to get permission for a second charge mortgage. In addition, it highlighted that it was highly unlikely that a lender would have such a conversation with a broker. Furthermore, a lender's general approach to second charge borrowing does not mean that permission would not be given, and it has experienced many cases where permission was given outside normal policy.

The Investigator considered both parties' comments, but she was not persuaded to change her conclusions. As such, the complaint has been passed to me to consider.

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 would firstly confirm the role of a mortgage broker is to consider its customer's needs and circumstances and provide a recommendation for what it considers to be a suitable mortgage or loan. Where there are options available that would all be considered suitable, the broker will present the one that it considers to be the most suitable. While Mr and Mrs M have said that they consider KIS should have set out all of the possible options for raising the money they needed, that is not the role of a broker. Had Mr and Mrs M simply wanted information about options available to them, and to make their own decision about the way forward, they could have investigated those options themselves.

Having looked at the recommendation that was made, if it had gone ahead it would have provided Mr and Mrs M with the funds they needed. While I have noted Mr and Mrs M's recent comments about possible alternative arrangements, that is not what I need to consider at this point – it is whether the recommendation actually made was suitable. I am satisfied that it was, given the difficulty of the situation.

That said, a dispute about the consent to a second charge has also arisen in this case and the responsibilities surrounding that process. I would confirm that it would be the solicitors that were responsible for contacting Mr and Mrs M's existing mortgage lender to obtain the consent to a second charge. This is something that would be done once the lender had

completed its underwriting of the applications and it was certain that it would be able to lend. If a mortgage broker contacted a lender about an existing mortgage, the lender would only respond in a generic manner as the broker would not have authority to interact on that mortgage and lenders will generally not give an answer to a hypothetical question – it will require an application to exist before saying whether it will be accepted.

However, during the process of determining what the appropriate advice was to give to Mr and Mrs M, KIS should have considered what the BTL lender's criteria for giving permission for second charges was, so that it could manage their expectations about whether permission was likely to be given. While Mr and Mrs M have said that given the BTL lender required its mortgage to be less than 50% LTV to consider a second charge, the lender also says that it will consider all applications on an individual basis. Given that a sale was agreed on the property for more than would have been needed to clear both the first and proposed second charge mortgages, it was possible that, despite its normal criteria, agreement for the second charge would have been given. However, KIS has admitted that it didn't look into the lender's criteria and so it didn't manage Mr and Mrs M's expectations about the likelihood of the second charge being agreed.

Where I find that a financial business made a mistake, I have to consider what the impact of that mistake was. If I determine that, but for the mistake, the consumer would have been in a different position, I will then consider what needs to be done to remedy that situation.

This means that I have to consider what Mr and Mrs M would have done, had KIS told them that the second charge application did not fit with the BTL lender's headline requirements, but that it said that it would consider all applications based on their individual merits. By this point Mr and Mrs M had spoken to a number of brokers to look for a solution to their situation and had clearly not found one that immediately worked for them. While Mr and Mrs M have recently said that they would not have accepted the recommendations if they had known that the BTL lender would say no to the second charge. Had it been certain that this was the answer that would be given, I would agree that Mr and Mrs M would have wanted an alternative option, but it was not certain that the answer would be no until the lender had considered the application. With the possibility of receiving agreement, I think there is a good chance that Mr and Mrs M would have gone ahead with the recommendations. From that point it was the solicitors' responsibility to apply for the consent to the BTL lender.

Mr and Mrs M have said that they believe that some form of alternative borrowing would have been able to be arranged to cover the shortfall between the amount they could borrow against their residential property and the amount they needed. They have highlighted that they received an alternative recommendation from another broker that would have released more than they needed. I have considered what that broker described as an indicative quote, so it doesn't appear that a lender had been approached for a decision in principle, it was simply a conceptual quote.

This quote does show that the amount the broker thought it could raise would be £5,000 more than was needed for Mr and Mrs M's purposes. However, it was based on security being taken over Mr and Mrs M's residential property and their rental properties, all of which had mortgages on them at the time. It is not clear from the information provided whether the second broker was proposing that the lender would take a first charge over the rental properties or if it would take its security as a second charge. There would be problems with both of these options. If the lender was proposed to take a first charge, then the mortgages would need to be repaid from the money released from the bridging loan, which would then leave a very large shortfall in the amount needed to repay the existing bridging loan. If the charge was to be a secondary one to the existing lenders, then this proposal would fail for the same reason as KIS' recommendation did. So it does not appear that this quote would have put Mr and Mrs M in a better position.

Mr and Mrs M have also commented that they should have been told to re-mortgage one or more of their rental properties for new first charge mortgages that would release the extra money they needed. Given that all three properties were on the market at the time, it is very unlikely that Mr and Mrs M would have been able to re-mortgage them, as all lenders have minimum terms they will lend over, usually five years, and so would not have lent knowing that the mortgages would only be in place for a matter of months.

Overall, I am not persuaded that the evidence in this case suggests that Mr and Mrs M would have been in a better position than they were, had KIS made them aware that the BTL lender might say no to the second charge. As such, I don't think that KIS can be held liable for the additional costs they incurred because the repayment date of the existing bridging loan had to be delayed until the first of the sales of their rental properties completed, as it seems this is something that would always have had to happen.

In light of the above, I have considered what compensation KIS should pay Mr and Mrs M because it didn't give Mr and Mrs M all the facts surrounding its recommendations and didn't manage their expectations as it should have. The Investigator recommended £300 and I agree that amount would be fair and proportionate in the circumstances.

My final decision

My final decision is that I uphold this complaint in part. In full and final settlement of the complaint, I order KIS FINANCE LIMITED trading as Keeping It Simple Finance to pay £300 compensation for its poor communications and the loss of expectation this resulted in.

Under the rules of the Financial Ombudsman Service, I am required to ask Mr and Mrs M to accept or reject my decision before 3 March 2026.

Derry Baxter
Ombudsman