

## **The complaint**

Mr M complains that SPF Private Clients Limited caused delay in arranging a mortgage for him, leading to him having to take out alternative – and more expensive – finance to proceed with his property purchase.

## **What happened**

In 2024 Mr M decided to purchase a new residential property. He exchanged contracts on 26 September with a completion date set for 5 December.

On 18 October Mr M got in touch with SPF to ask it to arrange a mortgage to help him purchase the property. SPF discussed both bridging finance and a standard mortgage and agreed with Mr M to proceed with a standard mortgage application. SPF was aware of the deadline for completion of the purchase.

Following the discussion SPF sent Mr M a list of documents and supporting evidence it would need to submit a mortgage application. Mr M replied enclosing his ID documents and explained he had asked his accountant to pull together the financial information.

SPF says it received Mr M's income information for 2022 and 2023. It asked for information for 2024, and asked for an explanation of why Mr M's income appeared to have dropped from 2022 to 2023 in case the lender queried it. SPF said it didn't receive a reply until 12 November when Mr M's accountant sent the 2024 income information. It submitted a mortgage application – to a lender I'll call H – the same day. Mr M also banked with H.

H instructed a valuation, and Mr M says that SPF told him on 21 November that the valuation had been approved and an offer should be issued shortly. SPF says it didn't hear anything further from H until 25 November when it asked further questions about Mr M's income and financial situation.

On 27 November SPF chased H for an update. Mr M clarified his financial situation to SPF in answer to H's questions.

On 29 November, H told SPF that the application had been referred to an underwriter. This was a Friday, and SPF says H told it that there wouldn't be a decision until the following week.

In the meantime Mr M was in touch with his relationship manager at H himself, and both Mr M and SPF asked the personal banker to speak to the underwriters. Mr M had also arranged a business banking loan with H as a backup in case the mortgage application didn't complete in time.

Mr M went ahead with the business loan and was able to complete his purchase. But that meant the mortgage application had to be re-started. By then it was no longer an application for a mortgage to purchase a property, it was an application for a mortgage over a property Mr M already owned. And the mortgage couldn't complete until the purchase had been registered at the Land Registry, so that H's charge could be added to the title. Mr M finally

completed on the mortgage with H on 28 January 2025.

Mr M complained. He said he had asked about short term finance, but SPF had advised him that there was enough time to obtain a standard mortgage, and he had relied on that. But when the mortgage wasn't arranged in time, he ended up having to take a commercial loan from H instead which was more expensive.

SPF said it wasn't consulted by Mr M until almost three weeks after he had exchanged contracts and agreed a completion date. It said there was always a risk that a mortgage application wouldn't complete in such a short timescale – it had offered to look at bridging finance instead but Mr M hadn't wanted to consider that because of the costs. It said it couldn't submit the application until 12 November because it was waiting for Mr M's income information – having requested it on 23 October. A mortgage can never be guaranteed, and nor can a specific timescale. However, SPF said it could have managed Mr M's expectations better, and that his income could have been explained more clearly to the lender when the application was submitted. It offered £2,500 compensation for the distress and inconvenience caused, subject to Mr M accepting the offer within 28 days.

Our investigator said that H issued a mortgage offer on 9 December – four days after the completion date. He said that if SPF had managed Mr M's expectations better earlier in the process, he would have had more time to explore alternatives. And if Mr M's income had been better explained to H, there wouldn't have been a delay while the underwriter asked for further clarification. Had that not been necessary, he said it was more likely than not that H would have issued an offer before 5 December rather than on 9 December, meaning Mr M would have been able to complete his purchase using the mortgage. He said that SPF should pay the £2,500 compensation it had already offered, and it should compensate Mr M for the financial loss in having to take the business loan rather than the mortgage. Including fees and interest, he said that amounted to £30,803.51.

SPF didn't agree and asked for an ombudsman to review the complaint. It said it wasn't responsible for the consequences of Mr M's decision to exchange contracts without finance in place and to not instruct SPF until 18 October. It considered bridging finance but Mr M didn't want to consider that option. It said that because Mr M's business banking was also with H, H should have been aware of the nature of his income and circumstances. Mr M's relationship manager was also involved, and they could have explained things to the underwriter. It said that if there was a delay in assessing Mr M's income, that was H's responsibility.

SPF said it submitted the mortgage application as soon as it had all the supporting information. It usually takes around six weeks between application and offer, so obtaining an offer on 9 December was much quicker than usual. It said it did its best to help Mr M, but any delays were outside its control. And the ultimate cause of the time pressure was Mr M's decision to exchange contracts without finance in place. SPF therefore didn't agree it should compensate Mr M for any financial losses. It also said an award of £2,500 for distress and inconvenience was excessive – it had made that offer in response to Mr M's initial complaint but only on the basis it was in full and final settlement and that Mr M accepted the offer within 28 days. Mr M had chosen not to do so, so the offer had expired and shouldn't be taken into account in setting the level of compensation now.

Mr M said he had originally agreed to purchase the property in the spring of 2024, with completion agreed as 5 December, by when the previous owner's tenant was due to vacate the property. In May 2024 the property's owner decided not to sell, but in October 2024 the estate agent contacted Mr M to say the owner would be willing to sell after all as long as a completion date of 5 December could be agreed. Mr M said that because the property was his dream home and he didn't want to lose it again he agreed to go ahead – and agreed to

exchange contracts to prevent another change of mind. He then got in touch with SPF to arrange finance. He knew it was short notice, so originally asked about short term finance to be replaced with a standard mortgage later, but SPF told him that wasn't necessary and there was enough time to arrange a normal mortgage. He accepted that advice.

I took a different view of the case to the investigator, so I issued a provisional decision setting out my thinking and inviting the parties to respond.

### **My provisional decision**

I said:

"I'm not currently persuaded that the complaint should be upheld, for reasons I'll explain. But before I do that, I should explain that even if the complaint were to be upheld, I don't agree that Mr M's losses would be the full amount he paid for the commercial loan. If he should have had a standard mortgage instead, then the loss would be the difference in cost between the borrowing he should have had and the borrowing he took – not the full cost of the commercial loan.

By the time he first contacted SPF on 18 October, Mr M had already exchanged contracts and so was committed to completing on 5 December – failing to do so would risk the loss of his deposit and the loss of what he has described as his dream home.

In those circumstances, I can understand why Mr M decided to exchange contracts once the seller changed their mind and decided to sell – he wanted to secure the property and prevent a further change of mind. But exchanging contracts didn't just bind the seller, it also bound Mr M. Committing to purchasing a property before the finance to do so is in place is always a risk.

It's not clear exactly when the discussion about purchasing took place, or when Mr M exchanged contracts. He told our investigator it was in October. The application form SPF completed says it was on 26 September. In any case, it was before Mr M spoke to SPF – the first contact was when the estate agent contacted SPF to arrange for it to see Mr M.

At that stage, Mr M was looking for short term finance to enable him to go ahead with the purchase pending the sale of his previous property. He spoke to a short term finance specialist at SPF on 18 October. Having discussed the cost of bridging loans, Mr M was concerned about the cost. And he says SPF told him that wasn't necessary, because there was enough time for a standard mortgage to be arranged.

The short term finance specialist therefore referred Mr M to a mortgage adviser, via an email Mr M was copied into. The email summarised Mr M's situation and what would be needed for a mortgage application, saying

"... you are selling at £1.05m, have £1.65m cash and need a mortgage of £1.3m in round figures on a purchase of £2.62m on the 5th December which is enough time to get a mortgage in place."

This is the only instance I've seen where SPF gave an assurance that a mortgage could be arranged in time for 5 December.

Mr M then met with SPF's mortgage adviser, who recommended a mortgage with H that met Mr M's requirements. The adviser told Mr M what supporting information

would be needed with the application.

The mortgage application was only submitted on 12 November, around three weeks after the initial meeting with SPF, on the day it received financial information. I don't think this was unreasonable. In fact it was only two days later, on 14 November, that the final piece of evidence (Mr M's 2024 tax year overview) was received from his accountant.

SPF says that it knows what evidence mortgage lenders require, and its policy is not to submit an application until the evidence is in place. I think this is reasonable. If the application had been submitted sooner, without supporting evidence, it wouldn't have proceeded any more quickly because the lender would have required the evidence.

Once the application was submitted, the valuation took place. H's underwriter then considered the application. The underwriter had further questions about the nature of Mr M's income and business. SPF responded to those questions immediately, as well as passing them on to Mr M.

I note that the mortgage lender selected, H, was also Mr M's personal and business bank. I take Mr M's point that, as a result, this is information H should already have known – and if it had looked at the wider banking relationship, it might not have needed to ask these questions. But that's not something I can hold SPF responsible for. I think SPF did what it could to ensure the underwriter had the information they needed, as quickly as possible – both by responding itself, and also by liaising with Mr M's relationship manager at H, who Mr M had also asked to help speed up the underwriting process.

Unfortunately H didn't issue the mortgage offer in time for Mr M to complete on 5 December. Having looked at everything that happened, I don't think SPF is responsible for that. It first spoke to Mr M on 18 October, around six weeks before completion. That was always a tight timeframe to go from initial application to completion. And SPF wasn't in a position to actually submit the application until 12 November, less than four weeks before completion. Once the application was submitted I'm satisfied it did everything it could to try and expedite H's consideration of the application. Although it wasn't ultimately successful, I don't think there was anything more SPF could reasonably have been expected to do.

As I say, given the problems with buying the property and Mr M's view of it as his dream home, I fully understand why he chose to exchange – tying the seller in and making sure he was able to buy the property. But he was taking a risk in doing so without finance in place, and with a relatively short timescale for completion.

Mr M recognised that risk himself, because he first asked SPF for short term finance not a standard mortgage. I do think SPF's email of 18 October was too optimistic. It gave the impression that there wouldn't be any problem in completing by 5 December – when the reality was that was always going to be difficult, and – given that ultimately the decision was made by the lender – when that wasn't ever something SPF could guarantee.

SPF's mistake here was not failing to arrange a mortgage to complete by 5 December. That could never have been guaranteed, and there was always a significant risk that wouldn't happen. The mistake was being too optimistic in the 18 October email, and not making that risk more clear to Mr M.

However, I'm not persuaded that this caused Mr M any loss. SPF should have been

more realistic, and should have warned Mr M that it might well not be possible to arrange a standard mortgage and that he should have a backup plan in place. Although it didn't do that, Mr M wasn't caused any loss as a result, because he had a backup plan in place anyway.

Even if SPF had been more realistic at the outset, therefore, I think Mr M would always have ended up in the same place. There was nothing more that SPF could realistically have done to ensure the mortgage completed by 5 December. He was always going to have to rely on his backup plan to complete his purchase – which was in fact what happened.

Where a firm makes a mistake, the correct approach to redress is to put the complainant back in the position they would have been in had the mistake never been made – not the position they would have been in had the mistake been true. Applying that to this case, SPF's mistake was not being realistic enough about the timescale problems in the 18 October email. Had it been more realistic, Mr M would still have needed to take the commercial loan. It wouldn't be fair to require SPF to compensate him as if he'd been able to take the mortgage on time instead – as if the reassurance in the 18 October email was true.

SPF could have arranged a bridging loan instead of trying to arrange a standard mortgage. That's generally a quicker process, so may well have been possible. But I'm not persuaded that caused Mr M any loss either. The bridging loan it discussed with him on 18 October was at an interest rate of 7.65% with an arrangement fee of 2%. But the commercial loan Mr M ended up taking was at 7.63% with a 1% arrangement fee. Therefore, Mr M was better off taking the commercial loan with H than he would have been taking a bridging loan through SPF.

Overall, therefore, I'm not persuaded that there was anything more that SPF could have done to have arranged a standard mortgage by 5 December. Ultimately, especially given the queries raised by H's underwriter, there just wasn't enough time – but that wasn't SPF's fault. SPF did its best to help Mr M in a situation that wasn't of its making.

SPF could have done more to make the difficult timescale clear at the outset. But that didn't change the outcome. He still wouldn't have been able to complete on a standard mortgage on time. And the commercial loan Mr M ended up taking was cheaper than the bridging loan SPF could have arranged. Therefore SPF has not caused Mr M any financial loss, and it wouldn't be fair for me to require it to refund any of the costs of the commercial loan – or to compensate Mr M for the upset caused by the mortgage not being in place – when it wasn't responsible for those costs. For those reasons, I don't intend to uphold this 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.

Neither party made any further substantive comments for me to consider. Having reviewed matters again, I see no reason to depart from my provisional conclusions.

### **My final decision**

For the reasons given in my provisional decision, reproduced above, my final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 23 March 2026.

Simon Pugh  
**Ombudsman**