

The complaint

Mr and Mrs H complain that Just Mortgages Direct Ltd – an appointed representative of Openwork Limited – gave them incorrect mortgage advice

What happened

Mr and Mrs H sought mortgage advice from a mortgage broker, Just Mortgages Direct. I will refer to Openwork in my decision as the respondent and Just Mortgages Direct's principal firm.

Mr and Mrs H wanted to move home. They'd paid a deposit for a new property (M) and were committed to complete the purchase before 14 May 2025. They discussed the possibility of keeping their existing property (H) and buying M. Openwork said it would be possible for them to remortgage H as a buy-to-let to raise a sufficient deposit to buy M with another mortgage.

Openwork recommended that Mr and Mrs H should take a mortgage for £260,500 to buy M – including porting their existing mortgage balance – and take a buy-to-let mortgage for £171,295 on H. Mortgage offers were subsequently issued for those amounts.

Mr and Mrs H were made aware by a third party that the amount they were raising was not enough for them to complete their purchase. But on 8 August 2024, Openwork told them that the figures were correct and they did not need to worry.

Based on the assurances they received from Openwork, Mr and Mrs H moved out of H. On 10 August 2024 they entered into a one-year tenancy agreement to let H for £1,300 a month and the tenants moved in.

When Mr and Mrs H tried to complete the purchase of M it came to light there was a shortfall and they would not raise enough money to complete the transaction.

Openwork arranged a new mortgage for M for £322,700, increasing the payments from £1,694.22 a month to £2,083.52. It also arranged a new mortgage for H for £221,295 increasing the monthly payments from £656.63 to £861.21. Mr and Mrs H completed the purchase of M on 12 September 2024.

Mr and Mrs H complained to Openwork about the poor advice they'd received. It accepted the initial mortgages recommended were not suitable for them. Openwork offered to pay:

- £150 a week to reflect additional costs while Mr and Mrs H stayed at a relative's home while the mortgage was sorted out. It said that was for seven weeks – so a total of £1,050.
- £290.50 for storage
- £228 for vehicle hire.

- £1,300 for any distress and inconvenience caused by this matter.

Mr and Mrs H accepted that was fair compensation for the above matters. But they consider that Openwork should also compensate them for their additional borrowing costs. Mr and Mrs H said that if they had been given the correct advice in the first place they would not have gone ahead with the buy-to-let remortgage of H. Mr and Mrs H said they would have sold H for a sum in the region of £360,000 and used the proceeds of the sale to complete the purchase of M. They said the costs and risks of continuing outweighed the benefits.

I issued a provisional decision explaining why, subject to any further submissions, I thought that Openwork's offer was a fair way to settle this complaint. My provisional findings, which form part of this decision, were:

It isn't in dispute that Openwork has not treated Mr and Mrs H fairly. I accept that it led them to believe that the proceeds of the buy-to-let and residential mortgage would be sufficient for them to proceed with their intended purchase. They reasonably relied on the assurance from Openwork that the proposed transaction would raise enough for them to buy their new home. What is left for me to decide is what is a fair way to put things right.

As a starting point, we would consider what Mr and Mrs H would likely have done had they been treated fairly. They have said they would not have taken the buy-to-let mortgage. Instead they would have sold H and used the proceeds towards the purchase of M. They said by the time they found out that the recommended mortgages weren't going to raise enough to carry out their plans, they'd already entered into an agreement to let H.

Mr and Mrs H have taken both a larger buy-to-let and residential mortgage than they were led to believe was necessary. Obviously, the mortgages that Openwork initially recommended were never going to allow Mr H and Mrs H to carry out their plans. So I do not think a comparison between what they will pay and what they believed they would pay is relevant. They could never have gone ahead with the initial recommendation.

We have a copy of the fact finds completed by Openwork. They are dated as completed on 29 August 2024, so after the initial error came to light. They said the initial meeting was on 16 January 2024. It is not clear if they were amended. Mr and Mrs H's stated objectives were to raise a deposit and to move home.

The recommendation letters are dated 29 August 2024. We do not appear to have been provided with any earlier versions. They appear to be largely generic. They do not give me any information that would help me to decide what Mr and Mrs H's needs and circumstances were – other than they wanted to raise a deposit by remortgaging H and take a mortgage to buy M.

We do have emails between Mr and Mrs H and Openwork. They show that Mr and Mrs H were initially considering their options and had no firm idea what they wanted to do. There were some emails between Mr H and Openwork exploring if it would be possible for Mr and Mrs H to remortgage H on a buy-to-let basis to raise the deposit to buy M, along with porting their existing mortgage to the new property. On 13 May 2024, Mr H emailed Openwork and said, "Things sale end seem to gone quiet so think we going to move this way if you can get the numbers to add up for us".

So we have evidence that Mr and Mrs H had been trying to sell their home and needed to do so by May 2025 at the latest, but things had gone quiet. I can see from later emails that Mr and Mrs H were keen to progress things so they could complete their purchase, but only if the numbers added up for them.

On 14 May 2024, Openwork asks Mr H "What would you say your budget is for a final monthly payment once we offset the rental income etc" Mr H replies "We can go up to £1,500ish. Could push a little more if needed..."

The following email from that dated 21 May 2024 is not fully legible. It appears that Openwork confirmed that the net monthly cost would be under £1,500.

The rental income is £1,300 a month. Rather than having a combined residential and buy-to-let mortgage payment of £2,350.43 each month (£1,230.43 net after rental income), they are paying a combined amount of £2,944.73 (£1,644.73 net after rental income). So the position Mr and Mrs H have ended up in is £144.73 a month more than they wanted to pay – although that amount was clearly a rough figure and indicated that they could accommodate a net payment that was a "little higher" than that.

The lender in the residential mortgage was required to assess if the mortgage was affordable after considering evidence of Mr and Mrs H's income and taking into account their expenditure. Having assessed the evidence of Mr and Mrs H's income it decided that both the initial mortgage and the later one were both affordable. The lender on the buy-to-let was satisfied that the rental income was sufficient to cover the mortgage payments – even on the increased borrowing.

So we have evidence that Mr and Mrs H wanted to move home and were committed to that. They said that things had gone "quiet" in regard to the sale of their property and they were keen to progress their purchase. Their maximum net payments were around £1,500 but they were prepared to go a little higher than that. The amended net mortgage payment was £1,644.73 – £144.73 higher than their stated maximum budget. Their combined net monthly income of over £6,500 would appear to comfortably cover the increase, taking into account their stated expenditure.

Openwork was required under the relevant rules (MCOB) to recommend a mortgage that was appropriate for Mr and Mrs H's needs and circumstances. Their objective was to raise enough money to move into their new home. Clearly, the initial advice did not do meet that objective. But the revised advice did. Mr and Mrs H said about the maximum net amount they wanted to pay was around £1,500 – and I think the mortgage was not significantly out of line with that. It was reasonable for Openwork to recommend the mortgage that Mr and Mrs H ended up taking.

The initial advice from Openwork was very poor. It unfairly raised Mr and Mrs H's expectations about how much they would need to borrow and pay each month to raise the deposit to buy M by letting H. And I accept they had little choice other than to proceed with the revised mortgage as they were already committed to letting H. But I need to consider what they would likely have done if they'd been given the correct advice in the first place, if Openwork had told them that the net monthly payment was actually £1,644.73 and they had time to make an informed choice about what to do.

Where there is a dispute about what happened, I have based my decision on the balance of probabilities – in other words, on what I consider is most likely to have happened in the light of the evidence.

Looking at the evidence we have from the time in question, I consider it less likely on balance that Mr and Mrs H would not have gone ahead if Openwork had given them the correct advice in the first place and had correctly calculated how much they needed to borrow. I say that for a number of reasons.

Bearing in mind Mr and Mrs H had a need to complete the purchase of the new property and as things had gone “quiet” with the sale of H, I can see why Mr and Mrs H might have thought that raising the deposit by letting H was a sensible way forward. Their options would have been to continue to try to sell H knowing they would have to complete the sale by May 2025 or let H.

Looking at the evidence we have from the time in question – without the benefit of hindsight – the actual payment was not out of line with Mr and Mrs H’s preference for it to be “£1,500ish. Could push a little more if needed.” Their combined net income could comfortably absorb an increase of around £150 a month. I am satisfied the mortgage they have ended up with was affordable for them – and both lenders were satisfied that the arrangement was affordable.

Mr and Mrs H reasonably relied on the advice of the broker. But the revised advice was not unsuitable for them. It allowed them to meet their objective to move home and was appropriate for their needs and circumstances. The only question is whether a net payment of £1,644.73 made the recommendation unsuitable. But I don’t consider it did bearing in mind the way Mr and Mrs H framed the amount they wanted to pay in their email.

I know it would have come as a great shock when Mr and Mrs H did not have the funds to complete their purchase. I can see why they are unhappy they will have to pay more than they initially believed. But looking at the evidence we have I am not persuaded they would not have gone ahead had they been given the correct information in the first place.

Further, Mr and Mrs H still own both homes. It is not clear they will actually suffer any loss if they were to either continue to let H – or to let it until the tie-in period ends for the fixed rate when they can then sell the property if they wish without incurring an ERC. I also note that online house prices estimates and house prices indexes show that H has gone up in value since August 2024.

I consider the offer made by Openwork to resolve the complaint, as set out above, is a fair way to resolve this complaint in all the circumstances.

We are a free service. Consumers do not need legal representation to bring a complaint to us. In my experience consumers are able to bring similarly high value and complex cases to us without representation. So I do not see how that it would be fair for Openwork to meet Mr and Mrs H’s legal costs.

Mr and Mrs H said they accepted my provisional decision. Openwork did not respond.

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 am issuing a final decision as the formal last stage of our process to bring our involvement to an end. I see no reason to reach a different decision than I did in my provisional decision.

My final decision

My final decision is that Openwork Limited should honour its offer to pay Mr and Mrs H:

- £150 a week to reflect additional costs while Mr and Mrs H stayed at a relative’s home while the mortgage was sorted out. It said that was for seven weeks – a total of £1,050.

- £290.50 for storage
- £228 for vehicle hire.
- £1,300 for any distress and inconvenience caused by this matter.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr and Mrs H to accept or reject my decision before 11 May 2026.

Ken Rose
Ombudsman