

complaint

Ms K and Mr S1 complain that the mortgage recommended to them by UK Moneyman Limited wasn't the best available. Ms K and Mr S1 are represented by a family member who I'll refer to as Mr S2.

background

Ms K and Mr S1 took out a mortgage in 2016 recommended by UK Moneyman. Mr S2 says the interest rate is too high given the large deposit they paid. He says UK Moneyman didn't explain to Ms K and Mr S1 that the interest rate was expensive. And Ms K and Mr S1 weren't given the right information or told that better options were available.

Our investigator didn't recommend that the complaint should be upheld. She said the lender was chosen because Ms K and Mr S1 wanted to apply to a lender that didn't use a credit score when assessing the application. UK Moneyman discussed other lenders with them and offered to get a decision in principle from a mainstream lender. But Ms K and Mr S1 declined this.

The investigator said the interest rate was set out clearly in the mortgage offer. The size of the deposit didn't affect the interest rate. The mortgage sales documents said Ms K and Mr S1 chose a fixed rate for 24 months as they hoped their credit rating would improve and they could look for a better deal when the product ended.

Ms K and Mr S1 didn't agree. Mr S2 said that Ms K and Mr S1 were rushed into the mortgage and felt coerced into agreeing to it. He said while one of them wasn't on the electoral register other lenders had since said this wasn't a problem. He said UK Moneyman was wrong to say their credit score was a problem.

Mr S2 said Ms K and Mr S1 hadn't followed up on the decision in principle from another lender as this was offered too late in the process and they were worried about losing the property. Mr S2 said their deposit should have reduced the interest rate.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. Where the evidence is incomplete, inconclusive or contradictory, I reach my decision on the balance of probabilities – in other words, what I consider is most likely to have happened in light of the available evidence and the wider circumstances.

UK Moneyman recommended the mortgage. So it needed to obtain all relevant information and ensure the mortgage was suitable for Ms K and Mr S1's needs and circumstances.

UK Moneyman's adviser first met with Ms K and Mr S1 in April 2016. He did a fact find. This says Ms K and Mr S1 had no loans or credit. A note on the fact find says due to the lack of credit history and clients not being on the electoral roll it was unlikely they'd pass credit scores. UK Moneyman's notes say it offered Ms K and Mr S1 an opportunity to get a decision in principle with a mainstream lender, which they declined.

UK Moneyman sent a suitability letter to Ms K and Mr S1 in June 2016. This says there were more competitive lenders available. This lender was recommended because due to Ms K

and Mr S1's lack of credit history and not being on the voters roll it was unlikely they'd pass a credit score. The suitability letter said UK Moneyman offered to contact a mainstream lender for a decision in principle. But Ms K and Mr S1 wanted to stay with a non-scoring lender.

The fact find and the suitability letter say that Ms K and Mr S1 wanted to know their monthly payments wouldn't change for an agreed period. A two year product was chosen as it would allow them to switch to a better product when their credit score improved.

Mr S2 says Ms K was on the electoral roll and the information recorded by UK Moneyman about Ms K and Mr S1's credit score is wrong. But if this was the case, I'd have expected Ms K and Mr S1 to raise it at the time.

The interest rate and the amount of the monthly payments are set out in the mortgage offer. This also set out the fixed rate product term and the interest rate that applies when this ends. So Ms K and Mr S1 agreed to this when they took out the mortgage.

The property purchase price increased during the purchase process. Ms K and Mr S1 paid the additional amount using money given to them by a family member. This meant they were paying a larger deposit – about 20% of the purchase price. The lender Ms K and Mr S1 had applied to said products with a better interest rate weren't available to Ms K and Mr S1, despite the increased deposit.

UK Moneyman says it suggested contacting another lender to see if it would offer a better rate. But Ms K and Mr S1 felt they were too far along the purchase process.

Mr S2 says a better rate should have been offered when the deposit increased. But I don't think UK Moneyman made an error with this. The lender Ms K and Mr S1 had applied to didn't offer them a better rate. And Ms K and Mr S1 didn't want to apply elsewhere.

Based on the available evidence, I don't think UK Moneyman's advice was unsuitable. It did a fact find to obtain relevant information about Ms K and Mr S1's needs and circumstances. It recommended a mortgage which met Ms K and Mr S1's needs and circumstances as it understood them to be. It explained why it recommended the mortgage – if there had been a misunderstanding about Ms K and Mr S1's circumstances they could have raised this at the time.

UK Moneyman offered to contact a mainstream lender at the outset and after the change in the purchase price to test whether a cheaper product was available. And it took into account the likely improvement in Ms K and Mr S1's credit scores once they'd had the mortgage for a couple of years when it recommended a two year product.

Lastly, I haven't seen anything to suggest that UK Moneyman coerced or rushed Ms K and Mr S1 into accepting the mortgage. It met with them to complete the fact find in April and May 2016, it sent a suitability letter to them in June 2016 and the lender sent them a mortgage offer in July 2016. The property purchase price increased in August 2016. The lender issued a new mortgage offer in November 2016 and the mortgage completed after this. I think Ms K and Mr S1 had time to consider the information sent to them by UK Moneyman.

my final decision

My decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms K and Mr S1 to accept or reject my decision before 20 April 2019.

Ruth Stevenson
ombudsman