

complaint

Mr B and Miss L complain that Connells Limited didn't tell them what information they would need to apply for a mortgage. They ask that it refunds the brokers fee, pays compensation and corrects their credit files.

background

Connells applied for a mortgage on behalf of Mr B and Miss L in 2015. They wanted to borrow £112,000. They say Connells didn't tell them Mr B would have to provide three years accounts or tax calculations. Connells says the lender had concerns about Miss L's income and further borrowing Mr B took out during the application. The lender reduced the amount it would lend to £81,000.

The adjudicator recommended that the complaint should be upheld. She said

- Connells should have known Mr B and Miss L would need three years tax calculations and told them this.
- Not submitting the tax calculations caused delays to the mortgage application. The £150 compensation Connells offered for delays was fair and reasonable.
- The adjudicator said if Mr B and Miss L had known they had to provide three years tax calculations it's likely they would have delayed applying for a mortgage. They wouldn't have paid brokers fees, so Connells should refund its £550 brokers fee.
- Connells wasn't responsible for adverse data on Mr B's credit files. His application wasn't declined, Santander reduced the amount it would lend. It wasn't clear this had affected his credit files.

Connells didn't agree. It said the brokers fee was payable for completing the application, not for obtaining a mortgage offer. Mr B and Miss L had agreed to pay the fee. Connells said the offer of £150 compensation was still open.

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.

Mr B and Miss L's circumstances weren't straightforward. The choice of lenders was limited. It seems the lender had a number of questions and Connells spent time providing information requested by the lender. I think it did what it could to help the application process. It seems likely the amount Mr B and Miss L could borrow was reduced by Mr B taking additional borrowing during the application process.

But I'm not sure Connells should have made an application at all. Mr B is self employed. He told Connells he'd taken time off in previous years to look after a relative and this affected his income. Connells told him the lender would only use the most recent accounts. This isn't correct. The lenders information says it needs three years' tax calculations.

Connells accepts it made an error when it submitted the application with one year's income and tax calculation. The lender asked for the tax calculations for previous years. Connells offered £150 compensation for the delays this caused.

Connells should have given Mr B and Miss L correct information at the outset. They could then decide whether to make the application. Given the concerns Mr B had about his self employed income, I think it's likely they would have decided to wait and apply when he had another year's accounts available.

Connells says its broker's fee was only £499. It also charged an administration fee of £99 payable on completion of the mortgage application. Mr B and Miss L wouldn't have paid either fee if they hadn't gone ahead. So I think both should be refunded.

my final decision

My decision is that I uphold this decision. I order Connells Limited to refund its brokers fee and administration fee, being £598 in total, and pay £150 compensation to Mr B and Miss L.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B and Miss L to accept or reject my decision before 11 April 2016.

Ruth Stevenson
ombudsman