

complaint

Ms F complains that Intrinsic Mortgage Planning Ltd didn't check it could get her a mortgage later when advising her to take out a bridging loan. She wants compensation and a mortgage offer with a good rate of interest.

background

Ms F was selling two properties. Ms F had created two properties out of one without the permission of her lender. She needed to register the properties as two separate titles with the Land Registry after paying her mortgage in order to sell.

Ms F took advice from a mortgage broker, Intrinsic, who told her she had to pay off the current mortgage to then officially split the property into two. Ms F was told the only way to do this was by using a bridging loan – this loan would allow the mortgage to be paid, and then when the two properties were separately registered with the Land Registry, the loan would be reduced significantly by the sale of one property and paid off in full with the re-mortgage of the other property. Ms F said she was told she'd only need the loan for one month and wasn't told there was a risk she couldn't re-mortgage.

Ms F followed the advice. When the first property sold, she returned to Intrinsic who applied for a re-mortgage to pay the rest of the loan and for other purposes. The application was unsuccessful. Ms F tried to get a mortgage elsewhere without success. She thought she'd been mis-sold the bridging loan as it wasn't suitable for her purpose. As Ms F thought it had to be paid within six months, she ended up selling part of her home to a relative to pay the loan.

Ms F complained to Intrinsic who said Ms F had been advised in person and in writing and by her solicitor about the bridging loan. It also said her application for a re-mortgage was unsuccessful because she had issues with her credit about which she hadn't told Intrinsic. Intrinsic pointed out other types of mortgages weren't suitable for what Ms F was trying to achieve – she needed a bridge between paying her mortgage and sorting out the land registrations and selling one property to a buyer already found.

Ms F complained to us. The adjudicator's view was that the only option for Ms F was a bridging loan. It wasn't mis-sold as Ms F struggled to get a mortgage because she hadn't paid all her debts on time. The adjudicator thought it wasn't Intrinsic's fault as Ms F had told it she hadn't defaulted on any debt and it shouldn't have done a credit check before the application as that could negatively affect Ms F's credit files.

Ms F disagreed. She said she wasn't advised what to do if the re-mortgage application was unsuccessful by Intrinsic or the risks of the whole plan. She thought Intrinsic could've done more to help once it knew about the issue of her credit history.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

I can't say Ms F was mis-sold the bridging loan. Ms F had no other option realistically – no other type of mortgage would achieve what she needed. And the original mortgage was more than both properties could sell for and very high compared to Ms F's income; plus it had been breached by creating two properties without the lender's permission. The advice to use a bridging loan was appropriate. I can see Ms F was given and signed a mortgage offer explaining the details of the loan, which was for nine months. As Ms F didn't have to pay any monthly payments, affordability wasn't an issue.

I appreciate Ms F believes she should've have been warned about the risks. But the bridging loan documents set out clearly what would happen if Ms F didn't pay it within nine months. And no-one could ever guarantee a mortgage can be taken out in the future; I don't think any consumer needs this to be pointed out to them. Intrinsic could only use the information known to it to advise Ms F.

Ms F said Intrinsic should've have checked she could re-mortgage easily. But given the amount she'd want to borrow and the information Ms F gave Intrinsic about her income and debts, there was no reason to suspect there would be a problem. Ms F struggled to get a mortgage because she had defaulted on a debt and didn't tell Intrinsic when asked. That isn't Intrinsic's fault. I accept Ms F had forgotten about the debt, but it doesn't mean Intrinsic has done anything wrong.

Ms F feels that Intrinsic should've done more to help her once her application was unsuccessful. From looking at the evidence, it's clear Intrinsic's staff did offer repeatedly to help and made suggestions, but Ms F didn't arrange to meet them or give a copy of her credit files. Intrinsic couldn't give advice in the circumstances as Ms F didn't seem to want to take matters forward with it. Ms F told Intrinsic she was going to see other brokers and get help elsewhere.

my final decision

My final decision is that I don't uphold the complaint. Under the rules of the Financial Ombudsman Service, I'm required to ask Ms F to accept or reject my decision before 19 November 2015.

Claire Sharp
ombudsman