

The complaint

Mr B and Miss H's complaint is about a mortgage application they made with the assistance of Home in One Financial Services Limited. The amount of borrowing was £5,000 less than it should have been. This meant that they had to borrow some of the additional money needed to complete on the purchase from a relative and the rest from their wedding funds.

In settlement of the complaint Mr B and Miss H would like Home in One to pay them £5,000 and show some genuine remorse.

The service being complained about was provided by a representative of Home in One trading under a different name. However, as Home in One is responsible for the matters involved, I will refer to it throughout.

What happened

Mr B and Miss H approached Home in One in early 2023 for assistance in arranging a mortgage. They wanted a repayment mortgage of £275,000 plus fees of £999, over a term of 35 years. However, when the application was submitted, it was for £270,000 plus fees. The application was accepted and an offer issued by the lender on 19 April 2023.

On 3 May 2023 Mr B emailed Home in One because they had become aware that the amount of borrowing on the mortgage offer was less than they had asked for. Home in One has reported that its member of staff gave Mr B and Miss H two options to address the problem. The first of these was to amend the mortgage application, but this would delay them being able to exchange contracts. Alternatively, it was suggested they find another way of sourcing the money needed, with the possibility of borrowing it from elsewhere.

Home in One admitted the mistake and waived the fee for its service of £475.

Mr B and Miss H were not satisfied with the response and it was reviewed again. The final response was emailed to Mr B on 29 June 2023. In this Home in One upheld the complaint. It acknowledged it had made a mistake and this had resulted in Mr B and Miss H receiving £5,000 less than they needed. In addition to the fee that had already been waived, Home in One paid an additional £100 in recognition of the distress and inconvenience they had been caused.

Mr B and Miss H weren't satisfied with Home in One's response and asked the Financial Ombudsman Service to look at their complaint. When they did they confirmed the £5,000 had been partially gifted by a relative and the remainder of the money had been taken from savings. All of the money used was originally meant to be used for their wedding in 2024, and they need to replace it by that point.

One of our Investigators considered Mr B and Miss H's complaint, but she didn't recommend it be upheld. The Investigator explained that although the money used to make up the shortfall had originally been intended for other purposes, ultimately, they benefitted from using this money as it resulted in them having a smaller mortgage. She was also satisfied the compensation offered by Home in One was appropriate in the circumstances.

Mr B and Miss H didn't accept the Investigator's conclusions. They said they didn't agree the broker fee should be included in the compensation amount, as it was waived because of a lack of due care and attention. As such, they would not have paid for the service they received anyway, so it should not be considered compensation. In addition, they said the adviser's attitude had not been considered. Mr B and Miss H also raised that they had characteristics that would mean they would be considered as vulnerable customers and raised 'consumer duty' and asked what actions the Investigator had taken to account for the added impact and distress the problem had on them. They asked that the complaint be escalated.

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.

Mr B and Miss H have mentioned consumer duty and asked how this had been taken into account in the Investigator's assessment of the complaint. As the events that are being complained about occurred before the consumer duty requirements existed, those requirements are not something we can consider in relation to this case. That said, as with all cases, when reviewing it I have taken into account the law, regulations and relevant regulator's guidance into account.

I don't need to consider whether Home in One made a mistake in this case, as it has admitted that it did. As such, what I need to consider is what should have been done to rectify the situation.

When considering redress we aim to place a consumer in a position that is as close as possible to the financial position they would have been in, but for the mistake on the part of the business. In this case that would mean Mr B and Miss H would have a larger mortgage, but more money in their savings for their wedding. As Home in One is not the lender in this case, it isn't possible for the mortgage to be increased, thereby releasing the £5,000 to allow them to put it back into savings.

Mrs B and Miss H have asked that Home in One pay them £5,000. However, they have not lost that money, rather they have lost access to it, as they still have it in the form of additional equity in their home. As such, I can't require Home in One to pay them the sum requested, as they have not suffered that loss.

Mr B and Miss H have said the member of staff at Home in One was unhelpful and flippant when speaking to them about solving the problem of the mistake. The member of staff has said he provided them with options, including amending the mortgage application or borrowing the money elsewhere. Such things are always a matter of perception, and as I was not a party to the conversation it's not my role to make judgements on whether one person's perception is more valid than another's. I don't disregard or make light of how Mr B and Miss H felt, but in the end, I have to decide if the general tone and content of the conversations had a material effect on the broader course of events. Overall, I don't think they did.

That said, finding out at the point they were ready to exchange contracts on their purchase that the mortgage wouldn't give them enough money to pay for the house, would have been a shock and very worrying. This was in the middle of a process that is generally stressful anyway. As such, I consider that a compensation payment is appropriate. Home in One has waived its fee and paid Mr B and Miss H another £100 to compensate them for the upset and inconvenience its mistake caused them.

I note that Mr B and Miss H have said that the waiving of the fee should not be considered compensation as they wouldn't have paid it anyway. I can understand why they feel that way, but the fee was payable if a mortgage was arranged, which it was and so the fee would have been payable in any event, notwithstanding the error. As such, the fee was waived rather than it not being payable. Having considered the situation carefully, I am satisfied the £575 compensation is in line with what I would award in such circumstances and I consider it to be appropriate and proportionate.

My final decision

My final decision is that I do not uphold this complaint as Home in One Financial Services Limited has already paid Mr B and Miss H an appropriate amount of compensation.

Under the rules of the Financial Ombudsman Service, I am required to ask Mr B and Miss H to accept or reject my decision before 25 March 2024.

Derry Baxter
Ombudsman