

## **The complaint**

Mr and Mrs W complain that Pink Pig Loans Limited trading as Truffle Specialist Finance (PPLL) failed to provide them with correct advice and service when taking out a mortgage on a new property.

## **What happened**

Mr and Mrs W had a mortgage on their previous property with Lender A providing the borrowing. They were looking to purchase a new property but aware of rising interest rates in late 2022, Mr and Mrs W took a new fixed rate product on their previous property. This application was completed on 1 November 2022 with a fixed rate of 4.4% for five years, starting in December 2022 and expiring on 31 January 2028.

The application for the product transfer was completed by PPLL and the mortgage offer set out that PPLL would receive a fee for organising this.

Mr and Mrs W were also looking to move home in late 2022 and had taken the new fixed rate with the view that this could be ported to their new property. They intended to complete the application with additional borrowing for any funds needed in excess of their existing mortgage balance.

On 3 November 2022, an application was made for a mortgage to be secured against the new property Mr and Mrs W had found and Illustration was produced on 7 November. This was completed by PPLL with a fixed rate of 5.34% selected on a ten-year product.

Mr and Mrs W completed on the sale and purchase on 13 January 2023 and noticed the first month's payment was higher than expected. After the completion they were also told an early repayment charge (ERC) of £14,936.34 had been applied.

Mr and Mrs W complained to PPLL that it had failed to complete the port application correctly. They said they did not realise the application for their new property had not been completed as a port with additional borrowing and they believed PPLL had made an error. As a result they were now paying more for their mortgage for the next five years than they would have done had the bulk of the borrowing been on the lower, ported interest rate. And they'd incurred the ERC too.

PPLL said its mortgage adviser had followed the process it believed it needed to for the port to be completed. But it didn't think its adviser had contacted Halifax to request the refund of the ERC after this had been paid and it said it would arrange for this to be done. It apologised for this error and any distress caused.

However, PPLL said it had provided the details of the mortgage that had been recommended for Mr and Mrs W to their conveyancer and Mr and Mrs W should have been aware of the product that had been applied for and the repayment amount for this mortgage based on the interest rate.

Our investigator looked at this complaint and thought PPLL needed to do more to put things

right. She felt it had failed to apply for the port correctly and as a result Mr and Mrs W had lost out. And regardless of whether it sent the mortgage offer documents to Mr and Mrs W previously, she didn't think this took away from the fact that an error was made and PPLL believed it had organised a port for the mortgage when this hadn't happened.

She had spoken with lender A directly who confirmed the application for porting the previous rate had not been carried out correctly and because of this, the ERC was not refundable. But as this was an error made by PPLL, she felt it was fair that they refund this fee.

Our investigator also highlighted that it wasn't clear why a ten-year product was taken when Mr and Mrs W had previously wanted a five-year fixed rate and previous recommendations had been in line with this.

Overall, she felt PPLL had failed to do what it should have when providing Mr and Mrs W with advice which was suitable. They failed to complete the port application correctly which meant, as well as the ERC, Mr and Mrs W are paying more for their mortgage now than they should be. She said PPLL should refund Mr and Mrs W the difference in what they will pay over the next five years compared to what they would have done had their five-year fixed rate mortgage due to end in January 2028 been ported. It should also include 8% simple interest on anything already paid in excess of what they would have done.

To recognise the distress and inconvenience of the situation, she asked that PPLL also pay £500 to Mr and Mrs W.

Mr and Mrs W accepted the proposed outcome, PPLL did not.

PPLL felt it had done what it needed to based on what it was able to do with the application for the mortgage. It said its adviser was unable to select a rate which Lender A was no longer offering so it couldn't input the previous mortgage rate as this had been removed because of the market volatility at the time. It also didn't think it could be guaranteed that Mr and Mrs W would have been able to successfully have ported their mortgage with additional borrowing and so the ERC could have always been charged. Finally, it still felt it had made it clear to Mr and Mrs W and their solicitor what the mortgage offer was and if there was an issue with this, they should have highlighted this.

Our investigator's opinion remained unchanged and the complaint was referred for decision.

### **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've decided to uphold this complaint, for broadly the same reasons as our investigator. I appreciate PPLL will be disappointed by this, but I'll explain why I think it is fair that they need to do something to put things right.

It is clear that PPLL intended to port Mr and Mrs W's mortgage to their new property as this was something it had spoken about during the application stage and Mr and Mrs W had set out what they planned to do and why. But I think PPLL failed to do this in the way it needed to based on Lender A's porting criteria. When this didn't happen, Mr and Mrs W have lost out as what they thought was happening didn't.

PPLL have said it cannot be determined that, even if it submitted the port application correctly, whether Mr and Mrs W would have been accepted for the new mortgage with the additional borrowing they needed. However, as our investigator has said, Lender A has

provided us information to assist with this complaint and set out why it thinks it is likely there would have been no issue. So with this supporting the fact that Mr and Mrs W were able to borrow everything they needed from Lender A for the purchase with the new mortgage, I am persuaded it is likely they would have been successful. And but for the mistakes made by PPLL with the application form, the mortgage would have been ported.

PPLL has said it accepts it didn't put the correct interest rate on the application form but this was due to it being unable to do this because of the rates available at the time. I appreciate it has struggled to understand the porting process with lender A and how this works and is intended to work, but I think they should have realised the application was not done correctly.

On a call to Lender A on 1 November 2022, it is confirmed the porting application would not be able to be made until 1 December 2022 when the new product rate started. Despite this, the application for the mortgage on Mr and Mrs W's new property was made on 3 November 2022.

A port allows a consumer to move their current interest rate with the associated balance and product term to a new property and PPLL as brokers should have been aware of this. For Mr and Mrs W, the product they wanted to transfer didn't start until 1 December 2022 which is why the application couldn't be made before this date.

Even if setting aside what PPLL had been advised on the call with Lender A, selecting a new product with a new term and interest rate should have indicated to it there was an error. PPLL proceeded to make an application which was not in line with what Mr and Mrs W had asked for and because the 4.4% rate had already been removed when PPLL made the application for the mortgage on the new property, it couldn't select this and instead chose another rate and product.

So while PPLL may have believed it was completing an application to port Mr and Mrs W's mortgage, it didn't do this correctly.

I appreciate that PPLL sent a copy of the offer letter to Mr and Mrs W and feel their solicitor should have highlighted any error with this and the ERC that was going to be charged. But I don't agree the solicitor was responsible for highlighting the interest rate on Mr and Mrs W's mortgage and PPLL had provided reassurance that the ERC if charged would be refunded as they believed they had completed the application correctly to avoid this.

Mr and Mrs W have said the offer document sent to them was not something they could open but they trusted this was in line with what they had asked to happen. They had only recently secured the product rate they wanted to port and I can understand why they didn't feel the need to review the offer document again. And even if this had happened, with PPLL believing it had completed the port application correctly, I think they would have been told everything was done as asked and it would not have been highlighted this was incorrect until after completion. So while I accept Mr and Mrs W could have reviewed what was sent to them and have highlighted to PPLL if this wasn't something they could access, I don't think it would have changed the overall position.

Overall, I am satisfied that PPLL and its failure to complete the port application correctly has resulted in Mr and Mrs W losing out. I think it is likely the port application would have been successful and this means Mr and Mrs W would have avoided paying the ERC and the interest rate on the bulk of their mortgage balance is higher than it should be until January 2028.

## **Putting things right**

Mr and Mrs W cannot be put back in the position they would be in but for the error as their new mortgage is now in place. So instead, PPLL will need to do the following to cover the additional costs they have and will incur as a result.

Pay Mr and Mrs W £14,936.34 to cover the ERC they've been charged by Lender A when their previous mortgage was redeemed in error as a result of the port application not being completed.

PPLL should work out what Mr and Mrs W would have paid in interest on their previous mortgage had this been ported and compare this to the interest they will pay over the term of the previous mortgage product – so until January 2028 – based on the interest rate of their current mortgage.

It should refund Mr and Mrs W additional interest already paid with simple interest of 8% added to this refund. And make a payment to Mr and Mrs W for the balance of what they will pay in additional interest until January 2028.

This situation has clearly caused a large amount of distress and inconvenience to Mr and Mrs W and it is fair and reasonable that PPLL make payment to Mr and Mrs W to reflect this. Mr and Mrs W had the impact of the immediate error and distress experienced when finding out their mortgage hadn't been ported as expected. And the ongoing distress and inconvenience experienced at having to pay the higher interest rate after making plans to specifically avoid this.

With the above in mind, I feel an award of £500 for the overall distress and inconvenience experienced is fair and reasonable.

## **My final decision**

For the reasons I've explained above, I uphold Mr and Mrs W's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W and Mrs W to accept or reject my decision before 15 April 2024.

Thomas Brissenden  
**Ombudsman**