

The complaint

Miss G and Ms G complain about the way Accord Mortgages Limited dealt with their application for a consumer buy to let mortgage. They say they lost the property they wanted to buy and interest rates have now increased. They ask that Accord offers a mortgage at the interest rate they first applied for.

What happened

Miss G and Ms G applied to Accord via a broker for a consumer buy to let mortgage. This was to re-mortgage a property which Miss G was living in. Miss G intended to move out so that they could let out the security property.

Accord issued a mortgage offer in late 2022 for a consumer buy to let mortgage. It was a condition of the mortgage offer that Miss G's onward purchase of a residential property completed on the same day.

The mortgage offer was valid until 30 April 2023. Miss G's property purchase didn't complete before the mortgage offer expired. She says this was due to two property purchases falling through. However, a third purchase was close to completion with just local searches outstanding and completion agreed for 9 May 2023. Accord agreed to extend the mortgage offer to allow the purchase to complete. Miss G's purchase wasn't ready to complete by 9 May 2023.

Miss G says Accord agreed to waive the condition in the mortgage offer and allow the mortgage to complete before her purchase. She says it cancelled completion on 9 May 2023 without giving a reason. She notes that interest rates increased that day.

Miss G and Ms G's broker submitted a new application which Accord declined. Miss G says this doesn't make sense since it had previously offered them a mortgage.

Miss G says Accord's requirement for an onward purchase is unfair and it ought to let her move on without an onward purchase, such as to an assured shorthold tenancy. She says Accord has left them with limited options and they might have to sell the property. This is despite property and rental values increasing and many offers from prospective tenants.

Our investigator said Accord was entitled to apply its lending criteria to Miss G and Ms G's application and did so fairly.

Miss G and Ms G didn't agree. Miss G says it wasn't fair for Accord to string them along for 10 months and then change its mind on the day of completion.

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.

It was a condition of the mortgage offer that Miss G's onward purchase completed on the same day as the mortgage. This was set out in the mortgage offer in part "7. Additional

Obligations”.

Miss G had purchases fall through and her third potential purchase didn't complete before the mortgage offer expired. Accord extended the offer to allow time for the third purchase to complete, which I think was fair. It released funds to the solicitor. However, the solicitor returned the funds. Accord says the solicitor didn't say why this was, but it assumes it was because Miss G's onward purchase wasn't ready to complete. It provided an email from the broker dated 9 May 2023 that said Miss G's onward purchase wasn't ready to complete.

Miss G says Accord agreed to complete the mortgage before her purchase completed. She says Accord then pulled out on the completion day without giving a reason. We asked Accord about this. It says it didn't agree to waive the condition regarding the purchase completing. The evidence it provided – which includes emails with the broker – supports what Accord says.

I don't agree that Accord pulled out on the completion day without giving a reason. The mortgage didn't complete because the condition in the mortgage offer – that Miss G's purchase completed simultaneously – was not satisfied. This condition had been set out in the mortgage offer from the outset. Accord didn't have to waive the condition or further extend the mortgage offer.

Miss G doesn't agree with the condition requiring an onward purchase. Accord says this is required for all of its let to buy mortgages. Accord provided case notes and a recording of a call with the broker in August 2022 and September 2022 when it said it would only proceed with the application on the basis it was let to buy and the applicant made an onward purchase. So I think it made this clear from the outset. If this wasn't satisfactory to Miss G and Ms G, they could have asked the broker to look into other options.

In mid-2023 the broker advising Ms G and Miss G started a new application on their behalf. Accord declined the application. It says the application was outside its lending policy due to adverse credit. It said this had also been the case with the first application, but it had agreed to proceed on the basis it was a let to buy mortgage with an onward purchase. It had concerns with the second application about Miss G's onward purchase.

Accord agreed to proceed with the first application in 2022, despite it being outside its lending criteria. It was entitled to treat the second application as a new lending decision and take into account the circumstances at that time. It didn't have to proceed with Miss G and Ms G's second application simply because it had agreed to process their application the previous year.

I can understand that this was disappointing for Miss G and Ms G. But I don't think that Accord made an error or treated them unfairly.

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 Miss G and Ms G to accept or reject my decision before 13 June 2024.

Ruth Stevenson
Ombudsman