

## The complaint

Miss C complains that delays and mistakes by Mortgage Advice Bureau (Derby) Limited trading as Coreco led to her paying a higher rate of interest than she thinks she was entitled to. And she says these delays and mistakes have incurred further costs and distress and inconvenience.

## What happened

Miss C spoke with Coreco in March 2022. She was looking to purchase a property through the Help to Buy (HTB) scheme. It was decided that a five-year fixed rate mortgage was suitable for Miss C. The best rate available with the chosen lender for Miss C at the time of her meeting with Coreco was 2.04%. Miss C confirmed that she was happy to proceed on this basis. However, further documents from the HTB scheme were required before an application could be submitted.

These documents were provided by Miss C on 5 April 2022. By this time, the five-year fixed rate had increased to 2.44%. Miss C agreed to proceed. However, Coreco mistakenly submitted an application for a five-year fixed rate at 2.44%.

By the time the error in applying for the two-year fixed rate had been identified, the 2.44% five-year fixed rate was no longer available. So Coreco agreed with Miss C that it would apply for the current best five-year fixed rate at 2.7%. It said it would put right any financial loss incurred as a result of this mistake at a later date. A mortgage offer was produced on 27 June 2022. Miss C's mortgage completed in February 2023.

Miss C complained to Coreco. She said she'd been financially disadvantaged by having to now pay a higher interest rate than she should've been paying. And she said she'd incurred additional legal fees due to Coreco's error. Coreco responded to Miss C's complaint and offered to pay the difference between the 2.7% five-year fixed rate that she was offered, and the 2.44% five-year fixed rate that she should've been on had it not been for its mistake. Coreco had already agreed to waive its broker fee - it says as a result of its mistake. Miss C says it agreed to waive its fee because she was also speaking with another broker. Miss C didn't accept Coreco's response and referred the complaint to our Service.

One of our Investigators looked into the complaint. She agreed that the offer to pay the difference in interest rates was fair. And she thought Coreco should pay £200 compensation for the distress and inconvenience this matter had caused.

Coreco accepted this, but Miss C didn't. She said Coreco's mistakes had caused delays to her mortgage completing and that she'd incurred additional solicitor's fees as a result of this mistake. Miss C also said that she was told that the initial rate of 2.04% could be secured and she could take her time in providing the documents. She thought that, had she proceeded with the other broker, she would've been able to secure this rate. Miss C also thought the amount of compensation should be increased.

Our Investigator considered the complaint again. She didn't change her opinion, so Miss C asked for the complaint to be considered by an Ombudsman. The complaint was passed to

me to review and make a decision.

I issued a provisional decision on 8 January 2024. In this decision, I said:

### **Interest rate**

*There's no doubt that Miss C has ended up paying a higher rate than she should've because of an error by Coreco. However, it's the rate she would've been able to obtain that's in dispute here. Miss C was speaking with another broker at the same time as speaking with Coreco. She believes that this other broker could've secured the fixed rate of 2.04%.*

*I can't know what would've happened had Miss C proceeded with the other broker. And in situations like this, I'm required to make my decision on the balance of probabilities. Miss C was speaking with both Coreco and another broker at the very end of March 2022. The lender withdrew the 2.04% rate on 4 April 2022. As I understand it, there were a number of pieces of information that the lender required before the application could be submitted. And these bits of information needed to come from the HTB scheme.*

*I've noted that Miss C didn't receive the "Authority to Proceed" from the HTB scheme until 4 April 2022. This is a key document, and it wasn't received until the date the rate of 2.04% was withdrawn from the market. I think it's unlikely that Miss C would've applied for a mortgage without having the Authority to Proceed document in place first. And, based on this whilst I understand why Miss C is disappointed, I'm not persuaded on balance that she ever could've obtained the rate of 2.04%.*

*It's not disputed that, had Coreco not applied for the wrong mortgage product she would've been able to obtain the five-year fixed rate of 2.44%. So, I'm satisfied this is the correct rate to use as a comparator for compensation.*

### **Solicitor's fees**

*Miss C's solicitors have confirmed to us in writing that it charged an additional £250 for having to work with multiple mortgage offers. It seems to me that some mortgage offers were issued because the structure of the loan was changed at Miss C's request. However, at least two mortgage offers were issued due to Coreco's errors. Miss C's solicitors have also confirmed that it should've charged more. I don't know the exact amount of work caused by each individual additional offer. So, in this situation, I think it's fair and reasonable that Coreco refund this amount of £250 plus VAT.*

*Miss C has also asked that the additional service charge of £235 be paid by Coreco. However, this is a charge by the seller of the property. I can't see any reason this was charged as a result of the delay by Coreco. So I'm not going to ask it to repay this.*

### **Distress and inconvenience**

*I've thought carefully about this matter. Miss C has said she should be compensated at her day rate for the time she's spent having to sort this matter out. However, when considering compensation, we don't base it on an individual's pay or day rate. I haven't been provided evidence that Miss C was unable to work or lost out on this daily rate. So, I've considered a payment that I think fairly reflects the impact this mistake has had on her.*

*Miss C has also said that the purchase was delayed as a result of Coreco's errors. However, the offer was issued mid-2022, and the purchase didn't complete until February 2023. I don't know why it took this long. But I'm not persuaded that had it not been for Coreco's errors the purchase would've completed any sooner.*

*I can see that this has caused upset and worry to Miss C. She thought she was going to be paying a lower rate than she has. And, due to Coreco's mistakes, she's had to spend time sorting this out. Because of this, I'm currently minded to tell Coreco to increase its offer of compensation for the distress and inconvenience this has caused. Miss C can see further information about how we consider payments for distress and inconvenience on our website.*

I also set out how I thought Coreco should put matters right (which I'll come back to later). I asked both parties to submit any further comments by 22 January 2024.

Coreco acknowledged receipt of the provisional decision but didn't confirm whether it accepted it or not. But it didn't provide any further comments.

Miss C responded with further comments. She said, in summary:

- She still believed she would have been able to obtain the 2.04% interest rate had she proceeded with another broker.
- That Coreco had made mistakes in completing the HTB form and this had caused the delays in being able to secure the rate of 2.04%.
- That Coreco's representative was obstructive in allowing her to make a complaint.
- She thought the compensation should be increased to £550.

The complaint has now been passed to me to review everything again and make a final 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.

The findings within my provisional decision are set out above and should be taken in conjunction with my findings below as part of my overall final decision.

As I said within my provisional decision, Miss C has submitted lots of documents and presented her complaint to us in detail. I want to reassure her I've read everything she's sent us and considered all of the points she's made. And I've thought carefully about the points she's raised in response to my provisional decision. I may not respond to each and every point. That doesn't mean I haven't thought about it, it simply reflects the informal nature of this service.

### **Interest rate**

It's accepted that Miss C has ended up paying a higher rate than she should've because of an error by Coreco. In my provisional decision. I thought that the rate she would've been able to obtain was 2.44%. Miss C has disagreed with this and set out her reasons for this.

Whilst I can see Miss C was speaking with another broker at the same time as speaking with Coreco. I need to decide whether this other broker would likely have been able to obtain the lower rate of 2.04% for her. And, for the reasons set out in my provisional decision, I'm still not persuaded this is likely.

At the stage that the 2.04% rate was available, there were a number of pieces of information that the lender required before the application could be submitted. And these bits of

information needed to come from the HTB scheme. Miss C believes that the other broker would've submitted the application without this information and would've secured the lower rate. But at this stage the "Authority to Proceed" from the HTB scheme was still outstanding. This wasn't received until 4 April 2022 – the date that the 2.04% rate was withdrawn.

Unfortunately, lenders will often withdraw rates with little or no notice. So, it's unlikely the other broker would've known that it needed to submit an application to secure a rate at this stage. It seems unlikely to me that a broker would submit an application without having the key document of the Authority to Proceed from the HTB.

I've thought about what Miss C has said about Coreco causing delays in obtaining the Authority to Proceed. But, ultimately, obtaining this document was outside the scope of what I'd reasonably expect a broker to do. And the onus would've been on Miss C to provide this.

Overall, whilst I can't know for certain, on balance, I don't think I can safely say Miss C could've secured the lower rate had it not been for Coreco's mistakes.

I remain satisfied that Miss C would've been able to obtain the five-year fixed rate of 2.44%. So, this is the correct rate to use as a comparator for compensation.

### **Solicitor's fees**

Neither Miss C nor Coreco disputed this part of my decision. So, my findings made within my provisional decision remain the same in this regard.

### **Distress and Inconvenience**

Miss C believes this should be increased to £550 from the £400 I had suggested. Whilst there is no exact calculation or science when making awards for distress and inconvenience, I have to think about the individual impact that this has had on Miss C. I set out the details of why I felt £400 was a fair amount. Miss C hasn't told us anymore about the impact this has had on her. Just that she thinks the amount should be higher.

I've thought about this again, but I'm satisfied that £400 is a fair and reasonable amount in these circumstances for the reasons set out in my provisional decision above.

### **Complaint Handling**

Miss C has recently raised the fact that she found the Coreco representative obstructive when trying to make a complaint. However, complaint handling isn't a regulated activity, nor is it an activity listed within our rules which we can consider. That means any complaints about this fall outside the jurisdiction of our Service. So, I can't address this within my decision.

### **Putting things right**

For the reasons set out above, I'm going to uphold this complaint and tell Mortgage Advice Bureau (Derby) Limited trading as Coreco to do the following to put matters right:

- Compensate Miss C for the additional interest she will pay for the fixed rate period of the mortgage. This should be calculated based on the rate of 2.44% that I think she could've obtained, and the rate of 2.7% that she is paying.
- The difference on any monthly payments Miss C has already paid should have 8% simple interest added from the date the payments were made to the date the redress

payment is made to Miss C.

- Pay Miss C £250 plus VAT for the additional solicitor's fees incurred as a result of additional offers being issued. It should add 8% interest from the date this was paid (once Miss C provided it evidence of the date it was paid) to the date the redress payment is made.
- Pay Miss C £400 for the distress and inconvenience this matter has caused.

### **My final decision**

I uphold this complaint and direct Mortgage Advice Bureau (Derby) Limited trading as Coreco to put matters right as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss C to accept or reject my decision before 27 February 2024.

Rob Deadman  
**Ombudsman**