

## The complaint

Mr C and Miss C complain that Mortgage Scout – a trading name of LRG Financial Services Limited, an appointed representative of Mortgage Advice Bureau Limited – did not secure a new interest rate product when they first spoke to it. As a result, they missed out on the interest rates that were available at that time and had to take a more expensive interest rate product.

## What happened

On 1 June 2023, Mr C spoke to Mortgage Scout about arranging a new interest rate product for his mortgage with Miss C. He said he was told they could consider a tracker mortgage – but he was confused about how it worked and the risks involved. Mr C said that Mortgage Scout told him to take some time to consider what to do, and arranged another phone call for 22 June 2023.

On 22 June 2023, Mr C and Miss C spoke to Mortgage Scout again. But they were shocked to find out interest rates had gone up.

Mr C and Miss C complain that Mortgage Scout should have secured the interest rate product that was available on 1 June 2023 – they said that is what both their lender and another mortgage broker said. They also said that when Mortgage Advice Bureau dealt with the complaint on behalf of Mortgage Scout, it did not deal with their complaint properly and that because of the stance it has taken, the lender would not agree to honour the interest rate that was available on 1 June 2023.

The investigator did not think the complaint should be upheld.

Mr C and Miss C did not accept what the investigator said. They made a number of points, including:

- Mortgage Scout suggested the second phone call on 22 June 2023 because they were confused about tracker mortgages. But that was the day after the scheduled Bank of England Monetary Policy Committee meeting, when the Bank of England base rate was increased.
- They were relying on Mortgage Scout to give them proper advice. They weren't aware of the risk of the interest rate going up further and lacked experience in mortgages. That is why they paid Mortgage Scout to give them mortgage advice. It should have told them to lock in the rate. Indeed, that is what its own website says to do.
- The combination of not advising them to secure a new rate and suggesting a date for the second call that was after the Bank of England was due to consider increasing interest rates was negligent. If they'd been told about either of those things, they would have secured the rate on 1 June 2023.
- Mortgage Advice Bureau not only handled the complaint poorly, it misrepresented their complaint in its final response and did not take into account all of the evidence it should

have.

- Their lender offered a way to resolve things. It agreed to honour the interest rates available on 1 June 2023 if there had been a mistake. But when Mortgage Advice Bureau wrote to the lender it omitted that they hadn't been advised to lock in the rate and instead said it hadn't made an error. That misrepresents their complaint. It is also frustrating that Mortgage Advice Bureau's involvement meant that they did not get the resolution they wanted.

### **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.

#### 1 June phone call

There is no recording of the phone call on 1 June 2023. It isn't in dispute that Mr C and Miss C spoke to Mortgage Scout on 1 June 2023 about arranging a new interest rate product. They said they were confused when Mortgage Scout talked about tracker rates, so they agreed to take some time to think about things and arranged another phone call on 22 June 2023.

Mortgage Scout has provided a statement from the adviser from 24 June 2023. The adviser said that he discussed interest rates with Mr C on 1 June 2023. He said Mr C was surprised by how much interest rates had increased by and wanted to discuss things with Miss C and his parents before making a decision. The adviser said he told Mr C that the rates quoted were only available on that day and could change at any time without notice.

I agree that at the time in question, with interest rates going up, in many cases, an interest rate should be secured as soon as possible. But whether that is appropriate will depend on the individual circumstance. In this case, it isn't in dispute that Mr C and Miss C were unsure what to do during the phone call of 1 June 2023.

Mortgage Scout was giving Mr C and Miss C mortgage advice. It could only recommend a mortgage once it knew what Mr C and Miss C's needs, circumstances and preferences were. It isn't in dispute that Mr C and Miss C weren't able to tell Mortgage Scout what they wanted to do during the phone call on 1 June 2023. It follows, that there was no basis on which Mortgage Scout could give them advice about which interest rate to choose.

In the circumstances of this complaint, I don't consider it was unreasonable for Mortgage Scout not to secure an interest rate for Mr C and Miss C during the phone call on 1 June 2023. It was not in a position to give mortgage advice at that point. It was reasonable for the broker to give Mr C and Miss C time to consider their options – that is what they indicated they wanted to do and it does not appear they were ready to agree a new rate or make any decision at that point.

I consider it more likely than not, that Mortgage Scout told Mr C and Miss C that the rates it discussed were only available that day and were subject to change. And I don't consider there was any obligation for Mortgage Scout to take into account any potential changes to interest rates in the timing of the subsequent meeting.

#### Lender

I'm not sure that the lender's offer was a clear cut as Mr C and Miss C said. The lender's email to Mortgage Advice Bureau said that the only reason it would agree to honour a rate

was if there was an issue on its side that prevented the rate being secured. There is no suggestion that the lender had any problems that stopped the rate being secured on 1 June 2023. So that would not mean that the rate should be honoured.

Nevertheless, even if the lender had agreed to honour the rate if Mortgage Scout had made a mistake, it was reasonable for Mortgage Advice Bureau to say that no error had occurred. That is because, for the reasons I set out above, in the circumstances it was reasonable for the broker not to secure a new interest rate.

### Complaint handling

Mortgage Advice Bureau has offered Mr C and Miss C £100 for any distress and inconvenience. I consider this is a fair offer to compensate Mr C and Miss C for any issues relating to the complaint, including the time taken to issue a response and if it was not properly understood to begin with.

I was sorry to hear about the impact on this matter on Mr C and Miss C. But in the circumstances of this case, I don't consider Mortgage Scout acted unfairly or unreasonably. So I can't ask it to do anything more.

### **My final decision**

My final decision is that Mortgage Advice Bureau Limited should pay Mr C and Miss C £100.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C and Miss C to accept or reject my decision before 5 August 2024.

Ken Rose  
**Ombudsman**