

The complaint

Mr and Mrs B complain about the misinformation they got from First Complete Ltd trading as PRIMIS Mortgage Network about the amount they owed on their mortgage. They say this left them with a deficit ahead of their completion and they had to use their own savings and borrow money from a relative to complete. They also complain of other issues they had with the lack of communication from PRIMIS during the process of purchasing a property.

What happened

Mr and Mrs B had a mortgage with a lender and made overpayments reducing the outstanding mortgage. When they were considering moving house they asked their broker how much they could borrow when looking for a property. The broker looked at the online account which told him that they had the mortgage balance was £73,000 with an overpayment reserve of £58,000. The broker says he contacted the lender and was given to understand that the amount required to redeem the mortgage was the mortgage balance less the overpayment reserve and so was £15,000. In fact, it was £73,000 at that stage. Based on the broker's calculations, Mr and Mrs B bid for a property at £415,000 to be financed by equity of £245,000 from the sale of their home and a mortgage of £170,000. But when they got the redemption statement, the error was discovered meaning they had to find further money including borrowing £47,000 from a relative to complete in a short period of time.

PRIMIS accepted that its broker had provided incorrect information and offered compensation of £500. Our investigator considered that this was insufficient and recommended compensation of £1,000. Mr and Mrs B thought that our investigator hadn't considered that they had to use some of their own savings to meet the shortfall not only the borrowings from the family and this left them without money for house renovations. Secondly that the couple who lent them the money will lose out on interest they would have been earning and that they will have to adjust their future plans to repay them.

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 and Mrs B wanted to buy a new house and move property and approached a broker they had used before. At that stage they would have an amount of information telling them what their outstanding balance on their mortgage was and that it was about £73,000.00. The broker looked at his screen and noted that the overpayment reserve was £58,000.00. The broker checked with the lender's helpdesk and says :” *they gave me the impression that the mortgage amount is at the top, and the reserve balance is shown below and I can subtract the reserve from the mortgage balance, like an offset mortgage ...I mentioned to Mrs B that if the mortgage balance is approximately £73,000 and the reserve s £58,000 she must only have a mortgage to redeem of £15,000. I would have thought at that point they must have thought that sounds too low, but nothing was said.*” Mr and Mrs B say that the broker told them that the overpayment reserve was not a tally of overpayments but a reserve of pot of extra funds that they would be available as needed.

The broker accepts he interpreted the information from the lender incorrectly and says that he told the clients that they have a mortgage of about £15,000.00. The broker says that this should have triggered a bit of doubt in Mr and Mrs B's mind that it was so little. It does indeed appear to have sparked doubt, but Mr and Mrs B believed they could rely on their broker's interpretation of the figures.

This is an unusual case. I can see PRIMIS's point that there was such a difference between Mr and Mrs B's actual mortgage and what the broker was telling them that they must have had doubts about what they were being told. PRIMIS in their further submissions to us emphasise that point. But Mr and Mrs B fairly admit that they had and checked with the broker, but the broker re-assured them and was able to give them a reasonable explanation as to how and why he arrived at the reduced figure that he did. This was not a case where the error started with Mr and Mrs B. The error started with the broker who misinterpreted the figures and re-assured Mr and Mrs B that his calculations were correct and guided them along the mortgage application process based on his error. So, I intend to uphold the complaint. PRIMIS in their further submissions say that even if the broker got it wrong, he got it wrong because he lender misinformed him. I have to say the broker doesn't make a great case that he was misinformed by the lender merely that the lender "*gave me the impression*". In any case if PRIMIS feels it was misled by the lender it should raise that with the lender.

The next issue is what redress would be due. Mr and Mrs B say they only became aware of the problem when their solicitor got the redemption statement a few days before completion when they had to complete and borrow an extra £47,000.00 in that period or face paying damages for breach of contract. I imagine that must have been a very stressful time. Luckily a family member came to their assistance but that has left them in further debt than they intended, and they describe that as a strain on family relationships. They also say that in order to complete the purchase not only did they raise finance from a family member but used their own savings that they had ear-marked for other purposes including a new boiler. They will also have to re-mortgage soon and will have to pay an extra £250 per month for 17 years.

I believe that the redress suggested by our investigator of £1,000 is appropriate for the distress and inconvenience that Mr and Mrs B suffered because of the incorrect information provided by the PRIMIS adviser. That fairly compensates them for the substantial distress upset and worry they suffered as a result of realising that the balance of their mortgage was much higher than the adviser told them. It's intended to cover the upset, strains, and pressure they were under to find alternative sources of finance and the disappointment of finding that their existing plans were disrupted including not being able to use their savings for the purposes intended and having to use them as part of the purchase price and extra cost involved of the more expensive house.

I also note that Mrs B felt that the broker didn't respect her request, because of a disability, for arranged calls to be held on time. I can see that Mrs B requested that level of service after a missed call related to an earlier mortgage product prior to this application and so not related to this application. Despite that problem Mr and Mrs B continued to use the broker which suggests that they were in general satisfied with the level of service provided, apart of course from the misinformation. As is clear from the complaint form, the central issue here is one of misinformation and I believe that it's right that my decision concentrates on that.

Mr and Mrs B would also like to be compensated for their financial loss, but I'm not convinced there is any. There was certainly extra cost involved but this doesn't mean they will have suffered financial loss. They bought a more expensive house than they intended but they now own that property and it's an asset they have and as house prices tend to increase in value, it may well be that it results in a greater financial benefit to them than if

they'd bought a less expensive house even if they face increased interest rates in the future. That's what tends to happen to house prices even if it wasn't intended. I appreciate that their relative who lent them the money will have lost interest on savings, but I can only deal with the financial impact on Mr and Mrs B. My view is that it's not clear that there will be a financial loss and I can't fairly award them compensation on that basis.

There is one further matter. I don't believe that I can fairly apportion payment of the compensation between other parties as PRIMIS would like me to do. The source of the misinformation was the PRIMIS adviser. As he was their mortgage adviser and had an expertise in mortgages it was reasonable for Mr and Mrs B to rely on him to interpret the mortgage statement which they did. PRIMIS say that the solicitor should have got the redemption statement before exchange of contracts and that would have told them that the information supplied by PRIMIS was incorrect. But even if that happened, I expect that Mr and Mrs B would have assumed it was an error given what the adviser told them. I don't believe that this deflects from PRIMIS's responsibility, and I will be upholding this complaint.

Putting things right

First Complete Ltd trading as PRIMIS Mortgage Network should pay Mr and Mrs B £1,000.00

My final decision

I uphold this complaint and require First Complete Ltd trading as PRIMIS Mortgage Network £1,000.00.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs B and Mr B to accept or reject my decision before 31 July 2024.

Gerard McManus
Ombudsman