

The complaint

Mr and Mrs H complain about the service they received from Advantage Financial Solutions Ltd when arranging a new mortgage product.

What happened

Mr and Mrs H contacted Advantage in February 2023 as the existing product on their residential mortgage was due to end on 1 May 2023. They had an initial discussion with an Advantage adviser on 13 February 2023 about their needs and preferences, which was followed by further phone calls and emails during the month. Mr and Mrs H were planning to sell one of their buy-to-let properties and use the proceeds to repay either some or all of their residential mortgage. If Mr and Mrs H were unable to sell the property at a reasonable price, they said they would rent it out again while the market re-stabilises. At the time they were discussing things with Advantage, their preference was to sell their buy-to-let property but were unsure how long that would take.

The Advantage adviser noted that as a result of Mr and Mrs H's situation, it was important to look for products that would offer flexibility and minimal costs payable in the event Mr and Mrs H wanted to make large overpayments (should their buy-to-let property be sold during the term), and also to keep the monthly payments as low as possible.

On 9 March Advantage sent Mr and Mrs H their recommendation letter. They said that if the buy-to-let property was sold and the mortgage was repaid within nine months of their current deal ending, the cheapest option would be to revert to their existing lender's standard variable rate (SVR). However, the monthly payments on that rate would be expensive and Mr and Mrs H had said they wanted to find a balance between lower monthly payments and the overall cost. So the adviser had looked at switching to another product with Mr and Mrs H's existing lender, or switching to another lender altogether (lender B) who had a product with lower Early Repayment Charges (ERCs). The adviser had established that switching to lender B would offer a lower overall cost and recommended that Mr and Mrs H went with that deal. Upon receiving Mr and Mrs H's agreement, Advantage submitted an application to lender B on Mr and Mrs H's behalf.

On 11 April 2023 Advantage sent Mr and Mrs H a mortgage offer from lender B. The offer contained a special condition that said Mr and Mrs H's buy-to-let property must be let out prior to completion and a copy of the tenancy agreement should be sent to the lender before the binding offer being issued.

Mr and Mrs H complained. They said they would never be able to fulfil that condition as the property was on the market and they weren't planning on renting it out again unless it didn't sell.

After reviewing the alternative options available to Mr and Mrs H, on 21 April 2023 Advantage sent Mr and Mrs H another recommendation letter advising them to take a two year fixed rate product with their existing lender. Mr and Mrs H agreed to this, and the new mortgage product completed in time for the expiry of their existing product. To put things right Advantage refunded the £199 application fee Mr and Mrs H had paid for the application to lender B, and the £50 fee for the product they'd now taken.

On 31 May 2023 Advantage sent Mr and Mrs H their final response letter. They said the application had been submitted to lender B based on the information Mr and Mrs H had told them. Advantage had provided accurate information to lender B in the application which reflected the situation. However, it was noted that Advantage had not communicated the special condition in the mortgage offer to Mr and Mrs H before it was sent to them to review. They acknowledged this resulted in unnecessary stress and inconvenience. As a result, they offered to pay Mr and Mrs H £200 in addition to the refunds already made.

Mr and Mrs H asked our service to look into things. They said that as a result of the errors made by Advantage, they had no choice but to re-mortgage with their existing lender because of the time constraints. They took a fixed rate of 4.34% up to 31 July 2025 which they calculated would cost them an additional £1,023.36 over the two year term of the product when compared to what they would have paid with lender B. There was also a £900 fee and only a 10% overpayment allowance which meant if they wanted to redeem the mortgage before the end of the product's term, they'd have to pay an ERC of £4,218.

Our Investigator looked into things. He concluded that whilst Advantage could have handled some things better, he didn't think Mr and Mrs H had suffered a financial loss, and he thought Advantage's offer to pay £200 for the distress and inconvenience they'd caused was fair and reasonable in the circumstances.

Advantage said they were satisfied Mr and Mrs H had ended up in a better position financially by taking the product they've ended up with, rather than the product they initially wanted with lender B. As a result, they didn't feel any further compensation was warranted.

Mrs H asked for the complaint to be referred to an Ombudsman. She provided calculations to show why she felt she and Mr H were now worse off with their existing product than they would have been if they'd taken the product offered by lender B. She said the extra stress and upset in trying to find another suitable product in less than two weeks proved very difficult.

The Investigator wasn't persuaded to change his opinion, so the complaint's been passed to me to issue a 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.

Having considered the communication between Mrs H and Advantage during the advice process, I'm satisfied that Advantage were fully aware of Mr and Mrs H's plans and intentions before the mortgage application was submitted to lender B in March 2023.

Whilst Advantage recommended Mr and Mrs H take out their new mortgage product with lender B, lender B weren't willing to lend to them unless their buy-to-let property was tenanted. So that mortgage was not a feasible option given that Mr and Mrs H only intended to rent their property out again if they were unable to sell it. That was never likely to happen before Mr and Mrs H's existing product expired on 1 May 2023, which was when they needed the new mortgage to complete.

I've seen the research carried out by Advantage into Mr and Mrs H's available options given their circumstances at the time, and the next best cost-effective option was to take a two-year fixed rate product with their existing lender. That's now what they've ended up with, and the product completed in time for the expiry of their existing product. So whilst Advantage could have handled this application process better, Mr and Mrs H haven't lost out financially by them having to change the application during the process. Advantage have refunded the application fee for lender B, and also the fee for their new product (which would always have

been chargeable), so they're in the financial position they always would have been in had they been advised to take out a new product with their existing lender from the start.

I appreciate Mr and Mrs H have provided their own cost comparison and they feel they would have been better off by switching to lender B, but that would never have been an option for them. Lender B weren't willing to lend to them unless their buy-to-let property was tenanted. Mr and Mrs H didn't realistically intend to get new tenants into their property before the completion date of the new product, so it's not a helpful reflection to compare the costs of the two products when they never could have had one of them. Overall, considering everything, I'm satisfied Mr and Mrs H have not suffered a financial loss as a result of Advantage's actions.

Mr and Mrs H are also unhappy with the service they've received from Advantage. They've suffered a loss of expectation by not being able to obtain the mortgage product they wanted, they're unhappy Advantage didn't notice the special condition in lender B's mortgage offer before they sent it to them. And they also had to sort out a new product in a short time period before their existing product was due to end. Advantage have offered to pay Mr and Mrs H £200 for the distress and inconvenience caused.

I can appreciate Mr and Mrs H were disappointed to learn they wouldn't be able to take out the mortgage product they felt was perfect for their needs. I agree Advantage's actions did cause a loss of expectation by leading Mr and Mrs H to believe they may be able to get that mortgage when it wasn't going to be a realistic prospect for them based on their circumstances. Advantage also should have checked the mortgage offer and spotted the special condition before sending it to Mr and Mrs H.

Mr and Mrs H did have to select a new product within a couple of weeks of their existing one coming to an end. I understand that would have been stressful. But having reviewed how Advantage rectified the situation and responded to Mr and Mrs H's complaint, I'm satisfied they put things right promptly, and ensured they prioritised organising a new deal for Mr and Mrs H within the timeframe they had. And as I've explained, I'm satisfied that was the most cost-effective deal available to them. Considering all the circumstances, I'm satisfied £200 is a fair and reasonable amount to reflect the distress and inconvenience caused by Advantage.

Putting things right

To put things right Advantage should pay Mr and Mrs H £200 for the distress and inconvenience caused.

My final decision

Considering everything, for the reasons I've explained, I uphold this complaint and instruct Advantage Financial Solutions Ltd to pay Mr and Mrs H £200 for the distress and inconvenience caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs H and Mr H to accept or reject my decision before 20 June 2024.

Kathryn Billings
Ombudsman