

The complaint

Mr and Mrs M complain about services provided by an appointed representative of Stonebridge Mortgage Solutions Ltd (“Stonebridge”) when it advised and arranged a mortgage for them.

What happened

In August 2023 Mr and Mrs M were looking to arrange a re-mortgage. They approached an appointed representative of Stonebridge for advice.

Mr and Mrs M say they were very clear that when they re-mortgaged they also wanted to borrow an additional £20,000 to enable them to pay off other financial commitments. They say that Stonebridge’s representative recommended a mortgage to them with a lender I’ll refer to as “A”. They went ahead with that mortgage thinking it would meet their needs. However, the mortgage only raised £16,500 in additional money. They say Stonebridge’s representative should have been clear about that, but he wasn’t, even when they specifically asked. So, they didn’t realise they wouldn’t be getting the additional £20,000 until after they’d committed to the re-mortgage with A. They say that, if they’d known, they wouldn’t have gone ahead – they would have looked elsewhere. But they were denied the opportunity to do that. Mr and Mrs M think Stonebridge should pay them the additional £3,500 they wanted and compensate them for the distress and inconvenience caused.

Stonebridge says the amount Mr and Mrs M borrowed from A was the maximum amount available given affordability constraints. So the mortgage with A was the best available option for them given their needs and circumstances. It says its representative sent Mr and Mrs M the mortgage documentation before they entered into the mortgage with A. That set out the total loan amount. However, it accepts that its representative could have been clearer with Mr and Mrs M about the additional £20,000, so it offered them £300 for the distress and inconvenience caused.

Mr and Mrs M didn’t accept that, so they brought their complaint to the Financial Ombudsman Service.

Our investigator looked into what happened. He said he could see that on 9 November 2023, A issued a mortgage offer. That was for a loan of £293,013.

On the same day Mrs M emailed Stonebridge’s representative asking him to confirm that the additional £20,000 would be paid separately. The representative responded to say that they’d need to liaise with their solicitor regarding that.

Our investigator said there’s no dispute that Stonebridge’s representative should have been clearer about the additional £20,000 of borrowing. He thought the representative should have corrected Mr and Mrs M when they asked how they would receive the £20,000. He acknowledged that Mr and Mrs M didn’t have the opportunity to try and find the additional £20,000 elsewhere. However, he wasn’t satisfied that they would have been able to borrow the money elsewhere given their affordability constraints and the limited number of the lenders that were willing to offer them a mortgage. So he said the £300 compensation

Stonebridge had offered for the impact of its mistake was fair and reasonable.

Mr and Mrs M disagreed. They said they would have been able to borrow all the money they wanted. They'd done a search on price comparison sites and had a meeting with another lender that suggested they could.

Mr and Mrs M asked for an ombudsman to review their complaint, so this complaint has been passed on to me to decide.

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 done so I agree with what our investigator said.

I'll begin by saying that I can understand why Mr and Mrs M are so unhappy about what happened. They've said they didn't have any experience of re-mortgaging, so they deliberately used a broker to ensure the process was explained and made clear. I appreciate that.

It's clear that Mr and Mrs M had done some research on their own too. They've told us that they'd looked on price comparison websites and had had an online meeting with another lender that said it could lend them the additional £20,000 on top of the re-mortgage. However, that lender said that they'd have to make repayments of around £1,800 a month. They didn't go ahead with that option and haven't been able to provide the Financial Ombudsman Service with a mortgage offer to cover it. Instead they say that they looked around for a better deal.

I've looked at the notes Stonebridge's representative made of his discussions with Mr and Mrs M. It's clear that Mr and Mrs M needed to raise the money to pay of their existing mortgage. They needed money to pay relevant fees and charges in connection with the re-mortgage and wanted to raise an additional £20,000 to repay debt/cover other financial commitments. I'm satisfied that they were clear that getting the additional £20,000 of borrowing was a priority for them. However, it was also clear that their budget for monthly mortgage payments was £1,600.

Stonebridge has been clear that its representative couldn't find Mr and Mrs M a mortgage that gave them everything they wanted. In September 2023 its representative sent Mr and Mrs M various options for a mortgage with A. The total amount A would lend them (in all options) was £295,978. Mr and Mrs M went ahead with one of the options. In October 2023, the representative sent them an email saying that A was unable to lend them that amount after all given their existing debts. However, he said A would lend them £292,018 over a 37-year term. That would bring their monthly repayments down to £1,597.

Mr and Mrs M went ahead with a mortgage application on that basis. As I said above, they've been clear that they didn't realise they wouldn't get the additional £20,000 of borrowing with that mortgage and that Stonebridge's representative didn't correct them when they sent him an email asking when they would get the money.

There's no dispute that Stonebridge should have been clearer that A wasn't willing to lend them the additional £20,000 they wanted. Stonebridge has been clear about that and offered them £300 compensation. The issue I must consider is whether it would be fair and reasonable for me to say that Stonebridge should put matters right by paying Mr and Mrs M the £3,500 they missed out on.

I don't think it would be fair and reasonable for me to say that. It's clear that Mr and Mrs M think they could have raised all the money they wanted given the research they'd previously done (see above). Mrs M has said that Stonebridge's actions meant they lost out on the option to look elsewhere for the additional £20,000.

I appreciate that. However I'm not satisfied that, even if Mr and Mrs M had looked elsewhere, this additional borrowing would have been available to them once they'd made a formal mortgage application and their finances were scrutinised. As our investigator said, Stonebridge has been clear that many lenders wouldn't lend Mr and Mrs M the money they wanted given affordability concerns. I see no reason to question that. I'm conscious that information given by price comparison sites isn't binding. It's also clear that they didn't get a binding mortgage offer as a result of the online meeting they had with the other lender.

I'm also conscious that even if Mr and Mrs M had been able to borrow the additional £3,500 they would have had to pay interest on it – something they would have struggled to do given all their financial commitments. So I don't think it would be fair and reasonable for me to say that Stonebridge should effectively give them that money for free.

Taking this matter as a whole, I think the £300 compensation Stonebridge has offered Mr and Mrs M is a fair and reasonable amount to resolve this complaint. It fairly reflects the significant impact of what happened on Mr and Mrs M. I appreciate that Mr and Mrs M are likely to be disappointed by what I've said. However, for the reasons set out above, I don't think Stonebridge needs to pay Mr and Mrs M more to compensate them for what happened.

My final decision

For the reasons set out above, my final decision is that the £300 compensation Stonebridge Mortgage Solutions Ltd has offered Mr and Mrs M to resolve this complaint is fair and reasonable.

If they wish to accept that offer Stonebridge Mortgage Solutions Ltd should pay it to them (unless it has already paid it to them).

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs M and Mr M to accept or reject my decision before 18 December 2024.

Laura Forster
Ombudsman