

complaint

Mr and Mrs D complain that, because of an error by Accord Mortgages Limited (Accord), they had to transfer their mortgage to a new lender in order to borrow some additional money. They want Accord to pay them compensation of just under £19,000.

Accord has acknowledged it made an error and has offered £400 in recognition of the inconvenience Mr and Mrs D suffered.

background

Mr and Mrs D had a fixed rate mortgage with an early repayment charge (ERC) that was due to run until early 2017. In late 2014 they contacted Accord and asked to borrow an extra £25,000 for home improvements. Accord said it wouldn't do that because it didn't accept the evidence provided for Mr D's income – and without that, it decided Mr and Mrs D couldn't afford to borrow any more money.

Mr and Mrs D complained about that and some weeks later Accord offered to reconsider the proposal as it could accept the evidence. Mr and Mrs D said that they had by that time found a mortgage elsewhere and that they were obliged to move their borrowing in its entirety because they had commitments to builders.

my findings

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint.

When Mr and Mrs D applied to Accord for additional borrowing they provided some payslips to prove Mr D's income. Accord said these weren't acceptable as they didn't show Mr D's income as basic pay – so his income wasn't certain. After Mr and Mrs D complained about this Accord offered – about six weeks later – to reconsider the application. Accord also said if Mr and Mrs D agreed to this it would refund Mr and Mrs D some fees they had incurred whilst looking for a new mortgage. However, it couldn't guarantee the further advance would be agreed or that it could meet Mr and Mrs D's required timescales.

There doesn't seem to be any doubt that Accord's initial response to Mr and Mrs D was an error as it later said the evidence was acceptable.

Having concluded that there was an error, there are several points to consider in order to establish a fair level of compensation. These are:

What effect did the mistake have on Mr and Mrs D?

From the records and paperwork I have seen the mistake meant that Mr and Mrs D were turned down for the extra money. But I can't say for sure that if the information had been accepted by Accord that they would *definitely* have been lent the extra money they wanted, as Accord hadn't completed its assessment at that point. So the effect of the mistake was to *delay* the decision, not necessarily to *change* it.

Did Mr and Mrs D suffer a loss and could it have been reasonably foreseen?

I think it likely that Accord could foresee that Mr and Mrs D would look elsewhere to raise the additional money they wanted. I'm not convinced it would have thought Mr and Mrs D would move their entire mortgage before the complaint had been finalised, given there was an ERC.

I think Accord responded properly to the first of these points by offering to pay for the extra fees Mr and Mrs D had paid to a new financial intermediary when it offered to reconsider their application in late December.

Mr and Mrs D say they declined the offer to reconsider their application because they had by that time found a new mortgage and committed to a schedule of works – and Accord couldn't either a) guarantee an offer or b) confirm that any money would be available within a timescale that suited Mr and Mrs D.

I don't know when Mr and Mrs D committed to the timescale for the building work they wanted done, other than that they say it was before Accord offered to reconsider the application. I don't think the time Accord took to respond to the complaint was excessive – it was within the eight weeks normally allowed. I think Mr and Mrs D decided to go ahead with the re-mortgage – rather than simply borrowing the additional money elsewhere – regardless of what Accord's response to their complaint might be. They did know Accord was still looking at the complaint as Accord had kept them updated.

I appreciate that Mr and Mrs D may have thought Accord wasn't going to change its mind about the extra money. But it did offer to reconsider the application before Mr and Mrs D had borrowed money elsewhere. At that point it was the timescale that didn't suit Mr and Mrs D. In that situation, to re-mortgage and accept the associated costs was a decision that Mr and Mrs D made. It was Mr and Mrs D's choice to borrow over a longer period so they could limit the monthly repayment to a particular figure. So I don't think Accord is responsible for the two years extra mortgage payments Mr and Mrs D say they will have to make.

Did Mr and Mrs D suffer distress, embarrassment, or inconvenience as a result of the error?

I think Mr and Mrs D did suffer some inconvenience as a result of the error. They had to find another mortgage, which doesn't seem to have taken very long, and Mrs D has told us that they experienced stress. But I think Accord's offer of £400 is a reasonable response to that and is in line with awards we have made in similar circumstances.

my final decision

My decision is that Accord Mortgages Limited should pay Mr and Mrs D £400 for the trouble and upset it caused.

Under the rules of the Financial Ombudsman Service, I am required to ask Mr and Mrs D to accept or reject my decision before 10 July 2015.

Susan Peters
ombudsman