

The complaint

Mr and Mrs T have complained about the poor customer service they received from a mortgage broker business that was a member of Mortgage Advice Bureau Limited (MAB). Mr and Mrs T say their mortgage application was withdrawn without warning, which they say has caused them financial loss, distress and inconvenience for which they would like to be compensated. They estimate their losses at £32,100.

Mr and Mrs T are also unhappy about the way MAB dealt with their complaint, and that the mortgage adviser contacted the police.

What happened

I do not need to set out the full background to the complaint. This is because the history of the matter is set out in the correspondence between the parties and our service, so there is no need for me to repeat the details here. In addition, our decisions are published, so it's important I don't include any information that might lead to Mr and Mrs T being identified. So for these reasons, I will instead concentrate on giving the reasons for my decision. If I don't mention something, it won't be because I've ignored it; rather, it'll be because I didn't think it was material to the outcome of the complaint.

Briefly, in 2022 Mr and Mrs T were applying for a mortgage through MAB. They were selling their existing property and buying a new-build which would be completed in December 2022. Mr T had worked at MAB since May 2022 on a three-month probationary period, which is when the mortgage application was begun, using an adviser employed by the same company within the MAB network for which Mr T worked.

An application was made to a lender (which I will call L) and a mortgage offer was issued on 28 June 2022. However, Mr T left his employment with MAB in early August 2022. As a result, the adviser informed L of this, because it was a material change to the application. Mr T had a new job beginning in September 2022, but on a lower salary.

This meant that L wouldn't be willing to lend the same amount. Mr T told MAB that he was taking a second job, and after being prompted several times to provide details of this, Mr T sent a letter about a casual job he said he'd taken. However, L required three months' payslips, and said it wouldn't accept a second job taken just to 'bump up' income to qualify for the mortgage.

MAB had concerns about the documentation Mr T had provided. In October 2022 MAB withdrew the mortgage application. Mr and Mrs T went to another broker and were able to arrange another mortgage, but at a higher interest rate, and with additional broker costs. Mr and Mrs T completed their purchase in December 2022, and Mr T's told us that in January 2023 he gave up his second job.

Mr and Mrs T complained to MAB, not only about the way the mortgage application had been dealt with, but also that the adviser had contacted the police, who had visited Mr and Mrs T at their home, which they consider to be harassment.

In its final response letter, MAB set out a timeline of events and explained why it wasn't upholding the complaint. MAB explained that L was entitled to re-underwrite the application due to Mr T's change in circumstances. Reasonable deadlines were set for Mr T to provide MAB with information about his employment. However, MAB didn't feel the documentation provided was sufficient for mortgage purposes.

MAB said that the adviser was entitled to withdraw from the application. MAB also noted that the adviser had felt harassed and had received abusive messages from Mr T, as a result of which MAB was satisfied that she had been justified in involving the police.

Finally, MAB apologised for any delay in responding to the complaint.

Dissatisfied with MAB's response, Mr and Mrs T brought their complaint to our service. An investigator looked at what had happened, but didn't think the complaint should be upheld.

The investigator was satisfied that MAB had reasonable grounds for withdrawing from the application. He also clarified that we couldn't investigate any issues relating to the adviser calling the police, as this didn't relate to the provision of a financial service. The investigator also clarified that a complaint about complaint-handling wasn't something we could consider either.

He also noted that Mr and Mrs T were raising new allegations against MAB, including failure to provide a client care letter, breach of the General Data Protection Regulation, failure to explain the mortgage process, dishonesty and misleading the police. The investigator said that these were new issues that hadn't previously been raised and so couldn't be considered as part of this complaint.

As the matter is unresolved, it falls to me to issue a final 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.

We have no regulatory function; that's the role of the Financial Conduct Authority; nor are we a court, a consumer protection body, or part of the criminal justice system. We're an alternative dispute resolution body, that is, an informal alternative to the courts for financial businesses and their customer to resolve their differences.

We're impartial, and we don't take either side's instructions on how we investigate a complaint. We conduct our investigations and reach our conclusions without interference from anyone else. That means I don't have to address every individual question or issue that's been raised if I don't think it changes the outcome.

It's unfortunate that the relationship between Mr T and the adviser deteriorated to the point where she found it necessary to contact the police. However, that isn't something which falls within the scope of our rules.

Likewise, Mr and Mrs T's complaint about the way MAB dealt with their complaint is outside our jurisdiction. Complaint-handling isn't a regulated activity, and in the context of the circumstances of the main complaint, complaint-handling is not ancillary to a regulated activity either.

I've also noted the new complaints Mr and Mrs T have raised. However, before our service is able to consider any new complaint, Mr and Mrs T will first need to raise it with MAB. If they are dissatisfied with MAB's response, they can ask us to look at the complaint.

Turning now to the mortgage application, I'm satisfied that, when Mr T left his job with MAB in August 2022, the adviser was obliged to let L know this, as it was a material change to Mr T's circumstances. As a result of this change, L asked MAB to obtain further information from Mr T so that the mortgage application could be re-underwritten by L. That is standard industry practice, and so there was nothing untoward in the requests made by MAB for this information.

After Mr T's salary changed, L wouldn't lend the full amount it had originally been going to lend. However, Mr T said he'd taken a second job to supplement his income, and so L wanted to see proof of this.

I will explain the significance of 'second jobs' in relation to mortgage applications. Generally where a potential new borrower takes a second job to boost their income, mortgage lenders will need to be satisfied that this isn't just on a temporary basis, in order to meet affordability criteria, as there is a risk to the lender that once the mortgage completes, the borrower will immediately give up that second job and their income will reduce. Consequently lenders will generally want to see a sustained employment pattern over a period of months.

I'm therefore satisfied that reasonable requests were made by MAB for Mr and Mrs T to provide sufficient information to support their mortgage application, and that the deadlines for this information to be provided were quite clear. I'm satisfied there was nothing unusual or unprofessional in these requests, or in the tone of the emails requesting this information.

MAB didn't think the documentation provided stood up to scrutiny. That is a judgement call that MAB was entitled to make. I'm also satisfied that, when the information provided didn't appear to MAB to be satisfactory, MAB was entitled to withdraw the application and cease acting for Mr and Mrs T.

I appreciate this was frustrating and upsetting for Mr and Mrs T. Ultimately, however, they were able to proceed with their purchase with a mortgage from another lender, albeit at a higher interest rate. However, because I'm satisfied MAB acted appropriately, there is no basis on which it would be fair or reasonable for me to order MAB to compensate Mr and Mrs T for the additional interest they will be paying their new lender, for their new broker costs, or for distress and inconvenience.

My final decision

My final decision is that I don't uphold this complaint.

This final decision concludes the Financial Ombudsman Service's review of this complaint. This means that we are unable to consider the complaint any further, nor enter into any correspondence about the merits of it.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr T and Mrs T to accept or reject my decision before 2 January 2024.

Jan O'Leary
Ombudsman