

## The complaint

Mr A and Miss N's complaint is about mortgage advice they received from St James's Place Wealth Management Plc. They were turned down by the lender for the recommended mortgage and believe they weren't eligible for it, which they think St James's Place should have known. Mr A and Miss N want compensation for having been misled by St James's Place and for the higher interest rate they will have to pay on the mortgage they subsequently obtained.

## What happened

In September 2022 Mr A and Miss N approached St James's Place to assist them in arranging a mortgage for a house purchase. It recommended a mortgage with lender H.

During the advice process, Miss N provided St James's Place with a copy of a recent credit report. This showed that In October 2018 and 2019 Miss N had been late paying a credit card.

Mr A and Miss N's mortgage application was submitted on 26 September 2022. On 18 October 2022 St James's Place was told the application had been considered by underwriters and had been declined. This was due to something lender H had been made aware of by the credit reference agency it used. It provided no further details of what the issue was and simply suggested Mr A and Miss N contact the credit reference agency that had provided the information if they wanted more information.

St James's Place informed Mr A and Miss N about the decision and then looked into alternative lenders that might be able to help them. It found one and called the following day to present its alternative recommendation, but Mr A and Miss N had already approached another mortgage broker for assistance.

Mr A and Miss N complained to St James's Place on 7 February 2023. They believed the application was declined because of the late payments on Miss N's credit report and that St James's Place should have known lender H would not accept the application. They highlighted lender H's credit score criteria:

*'The bank will not consider applications from applicants that are defined by the FCA as Credit Impaired as follows:*

- Within the last two years has owed overdue payments, in an amount equivalent to three months' payments, on a mortgage or other loan (whether secured or unsecured), except where the amount overdue reached that level because of late payment caused by errors by a bank or other third party;*
- Has been the subject of one or more county court judgments, with a total value greater than GBP500, within the last three years; or*
- Has been subject to an individual voluntary arrangement or bankruptcy order which was in force at any time within the last three years.*

### *Light adverse credit*

*Applicants who have previously missed payments on their credit commitments will usually be declined. Individual cases may be considered under exceptional circumstances.'*

St James's Place didn't respond to Mr A and Miss N's complaint immediately, and so it issued them with referral rights to this service. Mr A and Miss N asked us to consider the complaint.

During its investigation of the complaint, St James's Place asked lender H why the application was declined. The response it received was:

*'The notes/message just confirmed that the application was declined based on information received from the credit reference agency Experian.'*

*We cannot provide details in regards to any information of the Experian credit file that is something the client/s will need to obtain and provide to you.'*

Before we assessed the complaint, St James's Place issued its final response letter on 26 June 2023. It said it had contacted lender H, which had confirmed that the information on Miss N's credit report – two late credit card payments - would not have classified her as having 'light adverse' credit that had resulted in an automatic rejection of the application. St James's Place confirmed the application had not immediately been declined either, but rather it had been assessed by an underwriter before that decision was made. It also highlighted that there were many reasons, other than a credit file, that an application could be declined, and lender H had not confirmed why Mr A and Miss N's had been. As such, it did not consider the advice it had provided was inappropriate, it had done anything wrong or that it was responsible for any additional costs Mr A and Miss N would incur going forward. In addition, St James's Place apologised to Mr A and Miss N for the time it had taken to respond to the complaint and offered them £250 compensation for this.

One of our Investigators considered the complaint, but he didn't recommend that it be upheld.

Mr A and Miss N didn't accept the Investigator's conclusions. They said they didn't believe his investigation had been thorough enough and they were unhappy that he had not checked in with them during the course of the investigation. Mr A and Miss N also said that they didn't think the Investigator's review of the information or understanding of it, was satisfactory. It was agreed that the complaint would be passed to an Ombudsman for review. Mr A and Miss N said that while they were waiting for this to happen, they would be conducting their own investigation and so might be submitting further evidence for the Ombudsman to consider. No additional evidence has been provided in the five months since it was decided the case would be passed to an Ombudsman.

### **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 A and Miss N believe that having been provided with a copy of Miss N's credit report, St James's Place should not have recommended the mortgage it did, as it ought to have known the application would be declined. It is possible that the mortgage application failed for the reasons they believe, but there is not sufficient evidence in what lender H has said to be able to confirm that. In addition, I note that the credit report Miss N supplied to

St James's Place was not from the same credit reference agency as that used by lender H, so we don't know what information lender H had.

I would also comment that if the application was declined for something that was so obvious, I would have expected it to be a system generated decline. So when the application was submitted lender H's systems would have identified the issue and automatically declined the application which would have been done very quickly. However, it appears the application was referred to an underwriter for the individual detail of it to be considered. This doesn't lead me to the conclusion that Mr A or Miss N were automatically identified as credit impaired or as having light adverse credit, as an underwriter referral would only have happened in exceptional circumstances, of which there do not appear to have been any. As such, I am not persuaded St James's Place should have known the application would be declined and should not have recommended the lender H mortgage in the first place.

I can't conclude that it is more likely than not that St James's Place made a mistake when recommending the mortgage it did. As such, I can't find it is responsible for any additional costs Mr A and Miss N may incur by having to take a mortgage with another lender at a higher interest rate.

St James's Place offered Mr A and Miss N £250 for the delays in its handling of their complaint. Complaint handling is not something we would usually comment on, but if this case were one where we would, it is unlikely that I would award more than has already been offered. The offer remains open to Mr A and Miss N if they want to accept it, and if they do, they should approach St James's Place directly.

### **My final decision**

My final decision is that I do not uphold this complaint. Under the rules of the Financial Ombudsman Service, I am required to ask Mr A and Miss N to accept or reject my decision before 22 February 2024.

Derry Baxter  
**Ombudsman**