

The complaint

Ms D complains about the service she received from an appointed representative of Quilter Mortgage Planning Limited. She says the adviser got her income wrong in a mortgage application, and as a result she couldn't borrow as much as she would otherwise have been able to. She also says the adviser gave her false assurances about timescales.

What happened

Ms D took advice about her mortgage arrangements in October 2022. She wanted to move house, and port her existing mortgage and take some additional borrowing. She had already agreed the property sale and purchase.

Ms D's income was 'non-standard', because it came from multiple sources: income protection plans, Employment Support Allowance (ESA), Personal Independence Payment (PIP), and child maintenance. The mortgage adviser therefore consulted Ms D's existing lender about whether it would accept this in order to agree additional borrowing. The adviser says the lender told them to produce a separate note with details of Ms D's income when submitting the application. They then went ahead on that basis.

A suitability report was produced on 13 October 2022 and the application went ahead, for a mortgage of £417,850. This amount was recommended because it was the maximum Ms D could borrow under the lender's affordability modelling over the allowable mortgage term.

On 1 November 2022, Ms D's application was declined, because the lender didn't consider her income acceptable. The adviser asked for that decision to be reviewed. Ms D was becoming concerned about the time her application was taking, and on 18 November she told the adviser she was concerned about the information they had submitted about her income. The adviser reassured her, and on 24 November the lender issued a mortgage offer for the amount Ms D had applied for. The mortgage completed in mid-December.

In January 2023, Ms D complained. She said the adviser had wrongly assumed her PIP and ESA payments were received monthly rather than every four weeks. This had resulted in her annual income appearing to be over £1,000 less than it in fact was. She said she could have borrowed £4,000 more on her mortgage based on the lender's income multiplier, or at least added the mortgage arrangement fee to the loan.

Quilter said the adviser had done nothing wrong and had recommended a suitable mortgage, and had progressed Ms D's application as quickly as possible.

Ms D referred her complaint to us. Our Investigator concluded that the adviser had calculated Ms D's income wrongly and given that information to the lender. The Investigator wasn't satisfied that this had affected the amount Ms D was able to borrow, but he recommended that Quilter pay Ms D £200 for distress and inconvenience.

Ms D accepted that conclusion, but Quilter did not. It didn't accept that the adviser had used the wrong income in Ms D's application, and said they had worked hard to get the application accepted, updating Ms D at all times.

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.

Ms D's income came from multiple sources and was paid at different times. The adviser realised at an early stage that this might not fit the lender's criteria, so they consulted the lender before completing an application. Quilter has said that it was during this initial discussion with the lender that the lender confirmed the maximum amount it might be prepared to lend – subject to a full assessment and underwriting. The application then proceeded on that basis.

The notes the adviser submitted to the lender, and of which I've seen a copy, set out Ms D's income and include payments received per calendar month from ESA and PIP. These amounts are, however, as Ms D has pointed out, the amounts she receives every four weeks, not every month. Added up over a year, this means her stated income in those notes was just over £1,000 less than the amounts she actually received.

While the lender did later receive documents showing Ms D's correct income, the available evidence indicates that the application was submitted on the basis of what the adviser told the lender about her income beforehand. And it was submitted for the mortgage amount the lender had indicated it might lend based on what it understood about Ms D's income and circumstances before it received a completed application.

So I can see why Ms D believes she could have borrowed more had her income, calculated annually, been relayed correctly to the lender. But I don't consider that this means she would necessarily have been able to borrow as much as £4,000 more. Income multipliers aren't the only basis on which lenders make their lending decisions. I'm also mindful that not borrowing more on her mortgage will mean Ms D pays less interest overall, and she chose to go ahead with the mortgage knowing how much she was borrowing and on what terms.

Ms D has said the adviser gave her false assurances about timescales, but I think they took reasonable steps to keep her updated about what was happening along the way. I wouldn't necessarily expect an adviser to tell a customer which particular team at a lender is considering an application, and I think the adviser chased up the lender for its decision appropriately. I don't consider that the process took an unreasonably long time, or that the adviser caused any unreasonable delay.

I do, however, agree with Ms D that the adviser made a mistake in presenting her income. Ms D has said she felt that a choice she should have had was taken away from her, and I think she has been caused some avoidable upset, frustration, and inconvenience. In all the circumstances, I share the Investigator's view that £200 is a fair award in recognition of that.

My final decision

My final decision is that Quilter Mortgage Planning Limited should pay Ms D £200.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms D to accept or reject my decision before 28 December 2023.

Janet Millington
Ombudsman