

The complaint

Mr and Mrs G have complained that they received poor service from their mortgage broker, Haven Global Strategies Limited, in relation to advice about when to switch their mortgage interest rate product.

What happened

Mr and Mrs G have a mortgage with a mainstream lender (referred to here as H) that was on a fixed rate which was due to end on 31 January 2023. (Mr G describes this as a 'contractor' mortgage, but it was a standard mortgage available to all customers, and for which Mr G's earnings as a contractor had met the bank's eligibility criteria at the time of the application.)

From 1 November 2022 Mr and Mrs G could apply for a new interest rate product to take effect from February 2023. Mr G, who has dealt with the complaint throughout, says that Haven made an error in telling him and Mrs G not to break their existing mortgage interest rate product early. Mr G was keen to put a new product in place before the end of November 2022. This was because he worked as a contractor, his existing contract was ended in November 2022 and he didn't have a new contract to go to.

Haven says that if an early product switch had happened, it would have resulted in Mr and Mrs G paying an early repayment charge (ERC) of almost £6,000. The best available rate from H at the time was a two-year fixed rate of 5.00%. But by waiting until after the ERC period had expired on 31 January 2023, Mr and Mrs G were able to fix their mortgage on a new two-year rate at 4.09% and didn't pay any ERC.

However, Mr G says this was the wrong advice, because he'd also wanted to switch the mortgage from capital repayment to interest-only. When the product switch was applied for in November 2022, H declined to switch the mortgage to interest-only, on the basis of affordability. Mr G said that if he'd known this in early October, he could have gone ahead with an interest-only re-mortgage to a new lender that he was discussing with a different mortgage broker, and would have been willing to pay the ERC to do this.

Haven didn't uphold the complaint, maintaining that its advice had been suitable and that there had been no financial detriment to Mr and Mrs G.

Mr and Mrs G complained to our service. An investigator looked at what had happened, but didn't think Haven had done anything wrong. She didn't think, given Mr and Mrs G's financial circumstances, that there was any realistic possibility of them being given an interest-only mortgage with another lender.

This was because, not only was Mr G out of a contract at the end of November 2022 (and Mrs G had no earned income), but Mr and Mrs G had separated, and so, as well as the

mortgage, Mr G had the additional expense of the rented property where he was living. The investigator was therefore satisfied that Haven's advice had been suitable.

Mr G asked for an ombudsman to review the complaint. He reiterated that in October 2022 he'd been talking to a second broker who had a possible interest-only mortgage available (through a mainstream lender which I will call N). But Mr G said he decided against going ahead with this, because he believed Haven would be able to switch his existing mortgage to interest-only. As a result, Mr G says he lost out on the opportunity to take out an interest-only mortgage, which has caused him and Mrs G considerable financial loss.

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'm satisfied the advice given by Haven was suitable and appropriate in all the circumstances. I can see that on 5 October 2022 Haven explained to Mr G *"It is going to be tricky to get an interest-only option"*. Nevertheless, Mr G instructed Haven to go ahead with an application to switch to interest-only, and H declined the request on the basis of affordability. (A separate complaint has been made against H about this.)

Mr G's argument is that, if Haven had applied for this in early October 2022 and been declined, he'd then have been able to apply for the re-mortgage to N he'd been discussing with the other broker. Mr G was keen to put this in place before the end of his contract in November 2022.

However, I've looked at the lending criteria for N. This says that for contractors N requires a contract in place for a minimum of a further three months from the date of the application. For high income contractors such as Mr G, in addition to the requirement that the contract still has at least three months left to run, the lender needs to see a copy of a contract covering a 12-month period with a minimum of six months completed before the date of the application.

Therefore, given what Mr G has told us about his contract ending in November 2022 and that he didn't have another one to start after that, it's likely that, even if Mr and Mrs G had applied to N in October 2022 for a new, interest-only mortgage, they would not have met N's lending criteria.

Overall I can find no error in the advice given by Haven. Mr and Mrs G were able to fix their mortgage with H at a lower interest rate than those available in October 2022, and with no ERC.

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 Mrs G and Mr G to

accept or reject my decision before 6 November 2023.

Jan O'Leary
Ombudsman