

The complaint

Ms B and Mr M's complaint about HL Partnership Limited (HLP) relates to the advice they received from its agent EW in relation to their application for a mortgage on their first home. They feel HLP's advice was poor and as a result caused them monetary loss as they missed out on a lower interest rate. They also complain that HLP's communication with them throughout the application process was poor.

Ms B and Mr M have calculated their loss to be £9,151.30 which they have based on the difference in interest between a rate recommended on 24 May 2022 and the rate they applied for on 1 September, taken over a period of over five years. They also believe that for the distress and inconvenience they suffered, they should receive compensation of £1,500 to £3,000. They offered to settle with HLP for £10,000 but that was rejected.

What happened

Ms B and Mr M approached EW for advice and assistance around 20 May 2022. On or around the 24 May they met with Ms L who was an advisor for EW, and she completed a fact-find questionnaire (fact-find) and the lender's affordability calculator. Ms B and Mr M were seeking a mortgage of £195,750 against a property valued at £217,500.

The fact-find recorded the source of their deposit as savings. HLP have subsequently said that Ms L told them there was a possibility that Mr M might be able to benefit from the Forces Help to Buy scheme (FHBS) for additional funds towards the deposit. The fact-find records no details about the FHBS. Ms B and Mr M say they instructed Ms L to make an application for the FHTB loan.

When Ms L completed the lender's affordability calculator she confirmed the maximum sum it would lend was £197,500 which equated to 90% of the value of the property they wished to buy. On 24 May an agreement in principle was obtained from the lender for the required loan amount of £195,750 which Ms B and Mr M accepted. Ms L then submitted the mortgage application that day.

HLP say Ms B and Mr M wanted to proceed with their application immediately as their offer to purchase the property had been accepted. They say Ms L explained that her advice and recommendation would require review if an application for the FHBS was made and approved. The application disclosed that Ms B had a motor vehicle Hire Purchase agreement for £569 per month.

On 25 May Ms B and Mr M were emailed a copy of the fact-find, the lender's mortgage illustration and a copy of the Suitability Letter explaining the reasons for the HLP's recommendation. The FHBS was again not mentioned in any of these documents.

A property valuation was conducted and the report received on 31 May. The lender requested further information on 6 and 7 June regarding Miss B's second job. That was provided to the lender on 14 June. Ultimately, on 16 June, the lender determined that the loan was not affordable because Ms B's second income was not guaranteed. The lender

also said it identified that some of Ms B and Mr M's commitments had not been disclosed on the application.

HLP have acknowledged that Ms B and Mr M were probably not aware that their application to the lender had been declined on 16 June. They accept that this ought to have been communicated to Ms B and Mr M despite the fact that Ms L was at that time experiencing some difficult personal matters.

HLP say that Ms L has confirmed that it was in June that Mr M told her his application to the FHBS had been approved but this was subject to him submitting some paperwork, so at that time he hadn't been formally accepted onto the scheme.

HLP say that in July Mr M told Ms L that they were hoping to complete in September and asked her to look into a mortgage with a 15% deposit. Ms L has accepted that she didn't do this straight away due to her needing to take time off due to her personal circumstances. She says she made Mr M aware of this and he told her there was no rush.

Ms L has said she was not made aware that the FHBS application had been approved until Mr M verbally told her in August, at which point she advised Ms B and Mr M that a new lender would need to be approached because the lender did not accept the FHBS. Ms L asked for evidence of the FHBS approval and also evidence that hire purchase agreement had finished as Mr M had advised a few weeks before hand it had been cleared. The evidence of the FHBS approval was not provided until Ms B and Mr M's solicitor submitted it on 15 August, although even then the document didn't actually confirm the loan amount requested or approved.

Ms L has also stated that as mortgage interest rates were increasing at that time she decided to submit the application to a new lender even though there was no evidence of the amount they would get from the FHBS. She explains that although this was not usual she did it before there were any further interest rate increases.

HLP didn't accept that it had caused any financial loss for Ms B and Mr M although it did accept that the communication from EW could have been better. In the light of that they offered Ms B and Mr M £50 compensation. Ms B and Mr M were unhappy with HLP's final response and so approached this service to see if we could assist in resolving the dispute.

Our investigator thought that although there had been poor service, the amount of compensation HLP offered was enough to put things right. Ms B and Mr M didn't agree and asked for the complaint to be passed to an Ombudsman for 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.

I've taken account of both sides' views and I've looked at the issues raised and considered all the available evidence supplied by both Ms B and Mr M and HLP. Where evidence is not complete, I think about what is more likely to have happened in the light of the evidence which is available. If there's something I've not mentioned, it isn't because I've ignored it, it's because I don't need to comment on every individual argument to be able to reach what I think is the right outcome.

The accepted facts are that EW are an appointed representative of HLP who are responsible for the advice given by EW's advisors. On the 24 May Ms L completed a fact-find and the

lender's affordability calculator. In May, Ms B and Mr M hadn't yet applied to the FHBS. Detail of the FHBS were not recorded on the fact find or calculator, but it was mentioned to Ms L. In May Ms B and Mr M had had their offer accepted on the property they had found. The lender declined the application on the basis that it was not affordable for Ms B and Mr M. That particular lender would not accept the FHBS. An application was made to a new lender in August following the approval of Ms B and Mr M's application to the FHBS. That application did not record the amount of the FHBS loan.

Ms B and Mr M say they instructed Ms L to make an application to the FHBS. There is no evidence supplied to support this, and to the contrary, the fact-find records no detail of it. Whilst HLP concede Ms L was informed of the existence of the FHBS, the evidence shows that at the time of the mortgage application in May no application to FHBS had been made. Further making and proceeding with a mortgage application to a lender who would not accept a FHBS application, is inconsistent with Ms B and Mr M's statement that they wanted it to be effectively included. Further, I accept that it is more likely than not, that having had their offer on their chosen property accepted, Ms B and Mr M instructed HLP to proceed with that initial application before any application to FHBS had been completed.

The lender declined the initial mortgage application on affordability grounds on the basis the loan was not affordable as Ms B's second income could not be guaranteed. So even if Ms B and Mr M had been successful with an FHBS application and it had been included in the lender's application, it is still likely it would have been declined. I have noted what Ms B and Mr M have said about the car finance agreement, but I find this is largely irrelevant, since as a fact it had not yet been settled at the point of application, and the application was declined on the basis of the non-acceptance of Ms B's second income. It also would have been declined of course because HLP didn't accept FHBS. This it was entitled to do having assessed the application in line with its criteria.

Further, the letter from HLP to Ms B and Mr M dated 25 May records that Ms B and Mr M had agreed that the information recorded in the fact-find was true and accurate. This letter also advises that although EW had determined that their proposed mortgage was affordable, the lender would carry out its own assessment based on its own specific policies and criteria, meaning that they might take a different view of affordability. I can be satisfied therefore that Ms B and Mr M were happy with the information recorded and submitted at that time and were aware that the lender might assess the application differently to EW.

HLP's evidence is that it was not until June that Ms L was notified that Mr M was going to make an application to the FHBS. They further say that it wasn't until August that EW eventually received a letter of confirmation that the FHBS had been awarded, and this is consistent with the letter received which was absent the amount of the loan. So, I think it is likely that Mr M did make the application but it wasn't communicated to EW until his solicitor provided that information.

The earliest a new application could then have been made is 15 August, albeit that the evidence of the FHBS was incomplete. Facing the choice of not making the application and allowing interest rates to potentially rise once more, I think EW did act in Ms B and Mr M's best interests by submitting the application at that time. I cannot find evidence that it was HLP's fault that the evidence required in relation to the FHBS was not available until the 15 August.

I do find that HLP ought to have informed Ms B and Mr M that their application to the lender had been declined on 16 June, and HLP have acknowledged that failing. HLP has accepted that it didn't get things right and because of that it offered to compensate Ms B and Mr M with £50. As Ms B and Mr M didn't think that was enough to put matters right, I've given this some further thought.

It is important to remember that there is no set figure for compensatory awards, since the facts of each case are different. Ultimately it is an exercise of judgement, looking at all the circumstances and coming to a figure which feels fair, when set against the effect of any failures in service on the person bringing the complaint.

When we make awards of compensation we categorise them and examples of these can be found on our website.

I think the relevant category for this this complaint would be the second category; *'An award .. of up to £300' is usually applicable when an error has caused frustration and annoyance more than you might reasonably expect from day-to-day life, and the impact has been more than just minimal.*

So, although Ms B and Mr M will probably be disappointed with my decision, I intend to recommend HLP compensate Ms B and Mr M with £50.

My final decision

My final decision is that HL Partnership Limited should pay Ms B and Mr M £50 in total.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms B and Mr M to accept or reject my decision before 13 February 2024.

Jonathan Willis
Ombudsman