

The complaint

Miss F and Mr K are unhappy with how they've been treated by A Mortgage Now LLP (AMN). They believe they've been left in a financially worse position because of this.

What happened

Miss F and Mr K already held a mortgage when they approached AMN for advice in 2020 about taking out a new product. After discussing different options, Miss F and Mr K said they wanted to proceed with a three-year deal with lender X. However, AMN had submitted an application for the two-year deal instead. After discussions, Miss F and Mr K proceeded with the two-year deal.

In 2022, Miss F and Mr K approached AMN again for advice as their existing deal was coming to an end. AMN indicated they would be able to help, but that with the way the existing mortgage product worked, they needed to wait until the beginning of November 2022 before arranging a new rate.

Miss F and Mr K provided information requested by AMN nearer the time. On 1 November 2022, AMN mentioned that its compliance team was looking at the case, to do with the lending being on an interest only basis. On 2 November 2022, AMN told Miss F and Mr K that it couldn't arrange the re-mortgage, because if Miss F and Mr K made a future complaint, it would be left exposed.

Miss F and Mr K complained that AMN had told them it would be able to arrange the re-mortgage and hadn't mentioned there could be an issue. They said they had since found out that AMN had failed to advise them they could have secured a rate earlier than November 2022, if they had paid an Early Repayment Charge (ERC).

Miss F and Mr K also complained that AMN had made a mistake in 2020 when it arranged a two-year deal instead of the three-year deal they had wanted. They said they'd been left worse off because of AMN's errors and the way in which they'd been treated.

AMN didn't uphold either complaint and Miss F and Mr K referred their concerns to the Financial Ombudsman Service. An investigator here issued an opinion not upholding the complaint. In summary, they said that in 2020 AMN had offered to change the deal to the three-year option Miss F and Mr K had initially wanted. But that Miss F and Mr K had decided to proceed with the two-year deal and they didn't think AMN had unfairly influenced the decision.

In terms of what happened in 2022, the investigator noted that Miss F and Mr K wouldn't have been able to arrange a new product before 1 November 2022 without incurring an ERC and that if AMN had suggested Miss F and Mr K pay the ERC to secure a rate early, this wouldn't have represented good advice at the time.

The investigator said that whilst AMN saying it couldn't arrange a new deal would have been disappointing, they didn't think this had caused Miss F and Mr K a financial loss, because they were in the same position they would always have been in and were free at that point to

secure a rate elsewhere, without incurring a penalty.

Miss F and Mr K did not accept the investigator's findings. They emphasised a number of points they didn't think had been fully considered, including the following (in summary):

- They were concerned AMN hadn't supplied recordings of all of the calls that had taken place.
- They only decided to proceed with the two-year deal in 2020 after AMN had said it would be easy to 'flip' the deal at the end of the term and after the adviser had said they thought interest rates would remain low.
- AMN was wrong to say that the first contact in 2022 to discuss the mortgage had been in September. They had first contacted AMN before September because they were very concerned about rates rising.
- They would have paid the ERC to secure a lower rate. They found out about this possibility after contacting lender X direct after AMN had said it couldn't help. They hadn't contacted lender X before this point because AMN had warned them about making any direct contact and that it was always better to go through a broker.

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 do not uphold this complaint. I appreciate Miss F and Mr K feel strongly about the situation but I haven't found that AMN caused them to lose out financially.

Whilst I appreciate AMN saying it wouldn't be able to secure a new rate at the beginning of November 2022 would've been disappointing – and surprising, I don't find that this represents an error as such. And in the end, Miss F and Mr K were free to arrange a rate elsewhere at that point on fundamentally the same terms as if AMN had been willing to arrange another rate.

Before I explain why, I want to set out my role as an Ombudsman. It isn't to address every single point that's been made to date. Instead, it's to decide what's fair and reasonable given the circumstances of this complaint.

And for that reason, I'm only going to refer to what I think are the most salient points when I set out my conclusions and my reasons for reaching them. But, having read all of the submissions from both sides in full, I will continue to keep in mind all of the points that have been made, insofar as they relate to this complaint, when doing that.

Before addressing what happened in 2020 and 2022, I note that Miss F and Mr K are concerned that AMN may not have provided recordings of all of the conversations that took place. Having listened to all of the recordings provided by AMN as part of its file, I think it likely that all recordings have been provided.

I say this because each call makes sense in the context of the calls that came before and those that happened after. I have also heard the discussions that Miss F and Mr K have raised particular concerns about – where the adviser said it would be possible to 'flip' the rate and where the adviser said that Miss F and Mr K shouldn't contact lender X direct.

2020

Both sides agree that AMN initially made an error by submitting an application for the two-year rate, rather than the three-year rate that Miss F and Mr K had selected. However, I've listened to the calls that took place at this time and it is clear that AMN told Miss F and Mr K that it could switch it to the three-year rate if that was what they wanted. Miss F and Mr K initially said that yes, they did want to do that. However, Miss F subsequently called to say that actually they wanted to stick with the two-year rate.

I appreciate that Miss F and Mr K have said they only did this because AMN had said it would be easy to 'flip' the rate at the end of the two years. I've listened to the call where AMN said this and I consider it was an honestly held view – that it would be straightforward to secure another rate at the end of the term.

Miss F asks the adviser what rates were likely to do over the two-years and the adviser does say they think interest rates will remain low due to Covid. However, they framed the statement in such a way that made it clear it was not possible to be say for sure what would happen with interest rates. And that is correct - no-one could know for sure what would happen to interest rates.

So although interest rates rose during the two-year period in question, this doesn't mean that what the adviser said in 2020 was incorrect or inappropriate. At the end of the particular phone call, Miss F says they do want AMN to switch it to the three-year deal, before calling back shortly after to say they wanted to proceed with the two-year.

In the end, it was Miss F and Mr K's choice as to which term to opt for – the rates were very similar. So I don't find that AMN treated Miss F and Mr K unfairly in their handling of matter in 2020.

2022

First, there is a dispute about when the first contact took place in 2022. Miss F and Mr K say it was earlier than September 2022, whereas AMN says it was at the end of September 2022.

I've listened to all of the call recordings provided, including the three calls that took place on 2 November 2022. At one point in the third call that day, Miss F says "I rang you in September and then sent you an e-mail in September". This was in the context of Miss F and Mr K being disappointed that AMN had suddenly said it couldn't help to fix a new rate for them after the discussions leading up to that point. This suggests to me that the earliest contact was in September as, had it been any earlier, I think it's likely Miss F would've said as much.

The crux of Miss F and Mr K's concerns about what happened in 2022 are they believe they've lost out financially, because they could've secured a lower rate before AMN had told them they could. They say AMN didn't tell them about the ERC, had told them not to contact lender X direct (preventing them from finding out about it) and that if they had known they could have secured a lower rate by paying the ERC, they'd have done this.

As a start point, waiting for the ERC period to elapse before looking to secure another rate, is a sensible approach. It looks like Miss F and Mr K would've needed to have paid around £2,350 to come out of their existing rate and secure a new one, before the ERC free period began (from the beginning of November 2022).

As above, the evidence suggests the first meaningful engagement between Miss F and Mr K and AMN to discuss what to do next, was at the end of September 2022. This means that if AMN had advised Miss F and Mr K to pay the ERC, they would be doing so with

approximately one month left until they could secure a new rate without needing to pay the ERC.

This would have meant paying the ERC not knowing what, if any, changes there would be to the interest rates being offered by lender X (or any other lenders) a little over one month from that point in time. With hindsight, one can look and say that a particular course of action would or might have been more beneficial than another, but what matters is the situation at the time.

Miss F and Mr K have also said that they didn't know what an ERC was and that AMN told them not to contact lender X direct and instead always come to it as the broker. Miss F and Mr K say they heeded this advice and that this prevented them from finding out about the ERC option direct with lender X.

The ERC was set out in the mortgage offer issued in 2020, which Miss F and Mr K would've seen. I did listen to the recording where AMN told Miss F and Mr K not to contact lender X directly. It's not unusual for a broker to suggest that a client go through it rather than contact a lender direct. There's nothing inherently wrong with a broker suggesting this.

And I find that it doesn't make a difference anyway, because Miss F and Mr K saying they would've paid the ERC, potentially much earlier than the contact with AMN in September 2022, is with the benefit of hindsight. The key thing here is that I think AMN's advice to wait for the ERC free period before looking to secure a new rate, wasn't inappropriate or wrong.

This brings me to the last issue – that AMN told Miss F and Mr K on 2 November 2022 that it wouldn't be able to arrange a new fixed rate for them. I agree with Miss F and Mr K that AMN was positive in its interactions with them up to that point that it would be able to help and it didn't caveat that in any way. So I can understand why Miss F and Mr K would've been surprised and disappointed when AMN told them they would need to go elsewhere.

However, whilst I appreciate this will have been disappointing and unexpected, I can't say this represents an error as such. Crucially (appreciating that Miss F and Mr K disagree with this), I find that Miss F and Mr K were in the same position financially that they were always reasonably going to be in and they were free to arrange another deal elsewhere at that point in time. So this is not a reason for me to uphold the complaint either.

My final decision

My final decision is that I don't uphold Miss F and Mr K's complaint about A Mortgage Now LLP.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss F and Mr K to accept or reject my decision before 8 January 2024.

Ben Brewer
Ombudsman