

The complaint

Miss L complains about the advice she got when arranging a mortgage with the support of Chine Financial Ltd. Miss L said she was wrongly advised by her broker, partway through, that a cash gift from a relative was no longer needed. Miss L wanted her broker fee back.

What happened

Miss L said she'd been trying to purchase a property, using a mortgage arranged by a broker working for Chine. The first property fell through, and Miss L found somewhere else to buy in July 2022. But she said that around mid-August, she had conversations with the broker, where the broker began getting the figures wrong.

Miss L said she was given the wrong amount for her outstanding mortgage balance. When Miss L got in touch to correct this, she said the broker worked the figures out again. The broker then told Miss L that a gift of £55,000 from a relative, which Miss L thought she needed to afford her new home, wouldn't be required after all.

Miss L said around a month later, she discovered from her solicitor that this gift would be needed after all. Miss L said this caused her a great deal of anxiety, and she was concerned that her relative would no longer be able to make this gift. Fortunately, the relative was still willing to support Miss L in her purchase, and this went ahead.

Miss L said she'd paid about £1,000 in fees to Chine. She thought it should pay this back. When Miss L complained, Chine said it had made Miss L aware at the start of their meetings that she would need a cash gift from her relative to complete her purchase. Chine said there was then unfortunately some miscommunication when Miss L told it that she did not need the gift. Chine said it would apologise for that, but it wasn't upholding her complaint.

Our investigator accepted that Chine had made a mistake about whether the gifted funds would be required or not. He said the advisor's initial advice was right, the gift was needed.

Our investigator accepted that this caused Miss L some anxiety, but he didn't think it would be fair to ask Chine to pay back the two amounts of £495 that it had charged. He said Chine had provided the service it said it would, despite the confusion.

Miss L didn't agree. She said the mistake wasn't corrected for around a month, and she wanted recognition that this was dealt with badly. Miss L said Chine hadn't accepted this, what it had said about what went wrong wasn't true. Our investigator said he did think this mistake was Chine's fault, but he still wouldn't ask Chine to refund its fees.

Miss L wanted her complaint to be considered by an ombudsman, so it was passed to me for a final decision. And I then reached my provisional decision on this case.

My provisional decision

I issued a provisional decision on this complaint and explained why I did propose to uphold it in part. This is what I said then:

There's no dispute that Miss L spent a period of time thinking she wouldn't need a cash gift from her relative to buy her new home. But Chine appears to have taken the view that this is Miss L's fault, because she'd told it that she didn't need this money.

Miss L has sent us an email, dated 22 August 2022, where the broker says, *"After our discussion we have realised that you have enough equity in your current property to cover the deposit yourself without the need for a gift."*

I don't know whether this mistake originated with Miss L, or with the broker. It seems a little more likely that this mistake originated with the broker, simply because I can see a previous mistake the broker made about the amount Miss L owed on her existing mortgage, which does suggest the broker was experiencing some confusion over the figures. But, whoever said this first, it is clear that the broker then told Miss L that she wouldn't need a deposit. And on Chine's evidence, this wasn't corrected until a little over a month later, when Miss L's solicitors told her about the shortfall and explained she would still need a gift.

It's fortunate that Miss L's relative was still both willing and able to support her with this gift, and Miss L's purchase went ahead.

Although I agree with our investigator that Chine doesn't have to refund the whole of the two fees it charged for work it did for Miss L, I do think it should pay some compensation in this case, for the distress Miss L felt when she suddenly realised she was £55,000 short of being able to buy her home, and would need to approach her relative again asking for the previously offered gift. I think this would have been stressful, and I think Chine should pay Miss L £250 in compensation to make up for this distress and inconvenience.

I think that would provide a fair and reasonable outcome to this complaint.

I invited the parties to make any final points, if they wanted, before issuing my 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.

Miss L replied to my provisional decision, saying she agreed. Chine didn't respond either to the original decision from our service, or to a further prompt our investigator then sent.

Neither side has offered any further evidence or argument, and I haven't changed my mind. I'll now make the decision I originally proposed.

My final decision

My final decision is that Chine Financial Ltd must pay Miss L £250 in compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss L to accept or reject my decision before 24 November 2023.

Esther Absalom-Gough
Ombudsman