

The Mortgage Broker – lending advice or losses

Jane sought financial advice following her separation from her partner. At the time, Jane had a number of loans with Lender A, including a mortgage.

Jane asked the advisor to act as a mortgage broker, to assist in gaining suitable lending arrangements. She noted that she was happy with Lender A.

The mortgage broker recommended moving to Lender B and the broker provided Jane with information on their mortgage options. Jane accepted a new mortgage with Lender B.

When Jane contacted Lender A, she was advised that there was no record of her broker making enquiries on her behalf, and that they would have been able to arrange additional lending facilities for her.

Jane got in touch with Financial Dispute Resolution Service as she felt that the mortgage broker had not 'shopped around' to find her the best deal, and that as a result she would incur additional costs including legal fees and a break fees.

Jane decided to transfer back to her original lender, and she requested compensation from the mortgage broker to cover the legal fees and break fees incurred for her transitions between lenders.

The mortgage broker confirmed that he had contacted Lender A and that he brought the offer elsewhere as it 'wasn't looking good' at Lender A. He believed the offer from Lender B was the best at that time for Jane's needs.

An independent adjudicator was appointed to make a decision on the complaint. As part of this process, Financial Dispute Resolution Service sought an expert opinion which provided information around standard market practice. Their opinion was that the broker was engaged to find suitable lending and he achieved that with reasonable terms. The expert noted that lenders positions change frequently, sometimes weekly or even daily. The expert believed that the broker had conducted enquiries as per standard practice and that if a lenders position changes or if the client changes their mind, this is not the fault of the broker.

When weighing all evidence, the adjudicator found that the advice provided by the broker met a reasonable standard and was current at that point in time. The customer's losses were not attributed to deficient advice and the customers complaint was not upheld.

**Names have been changed to protect our customers' identities*

