



## Case study: Non-Bank Money Services/Credit

### CIFO CONTACTED BECAUSE OF COMPLAINANT'S REJECTED MORTGAGE APPLICATION

Themes: high risk jurisdiction; distress and inconvenience; approval in principle; declined.

This complaint relates to a mortgage application that the complainant believed should not have been declined.

In November 2023, Mr H applied for a mortgage through a local mortgage lender and completed the necessary application form. Mr H received an approval in principle from the mortgage lender which was not a formal mortgage agreement because reference checks and underwriting had not yet been confirmed.

Mr H was asked for some further details in relation to the reference checks and underwriting process. Unfortunately, Mr H's mortgage application was declined. Mr H's lender advised MR H that this was due to Mr H's dual nationality with a country considered to be high-risk and that, in addition, Mr H was resident in a country also considered to be high-risk. Mr H's lender refunded Mr H the mortgage application fee and Mr H made a complaint to his mortgage lender as he felt they had asked intrusive and unnecessary questions during the reference checks and underwriting process. Mr H's mortgage lender recognised the distress and inconvenience they had caused Mr H with their line of questioning and offered to compensate him £200. Mr H rejected their offer and referred his complaint to CIFO.

CIFO investigated and noted that Mr H's mortgage lender had clearly outlined to Mr H the risk factors associated with his mortgage application and the key factors as to why those risks would result in a declined mortgage application. CIFO also noted that Mr H's mortgage lender had provided a list of the restricted high-risk countries that they were unable to do business with. CIFO is generally unable to review complaints about the legitimate exercise of a financial service provider's commercial judgement, which includes decisions to decline to enter into a relationship with a customer.

Mr H advised CIFO that he had incurred costs when obtaining the further information requested by his mortgage lender, but as Mr H could not evidence these costs, CIFO did not consider this when assessing Mr H's complaint. CIFO did not uphold the complaint and concluded that Mr H's mortgage lender had already appropriately refunded the mortgage application fee and adequately compensated Mr H for the distress and inconvenience caused when requesting information to support the assessment of his application.