

The complaint

Mr B complains that when he took out a mortgage through London and Country Mortgages Ltd (L&C) it quoted him a price for the legal work associated with the purchase, which was to be provided by solicitors (who I'll refer to as X). But X charged approximately 30% more for the legal work than L&C had quoted.

What happened

When Mr B wanted to make a property purchase, the mortgage was arranged by L&C. During the arrangement process, L&C introduced Mr B to X, and quoted a fee of £1,517 for the cost of the associated legal work, should Mr B want this to be provided by X. Mr B accepted this quote, and the property purchase was completed.

However, due to the work required, the final legal bill from X was some 30% higher than originally quoted by L&C. Although Mr B had no complaint about the legal service provided, he did complain to L&C as he thought they should have anticipated the true cost at the time of the quote, and had unfairly persuaded him to employ X by deliberately giving an unrealistically low quote.

In its final response letter, L&C said the price quoted was accurate, and related to a fixed fee for the standard basic legal work required to purchase a new property. It said it highlighted this to Mr B and gave him examples of the circumstances which would lead to additional legal costs. It also said the additional charges could not have been anticipated at the outset as they were charged by a third party as part of the purchase.

However, L&C did acknowledge that during its conversation with Mr B during which the quote and potential further fees were discussed, it could have been made clearer. As a result, it offered Mr B £50 compensation.

Mr B didn't accept this and brought the complaint to our service.

Our investigator thought that the legal fees quotation document that L&C provided Mr B clearly stated the quote was only indicative and therefore not guaranteed. And it highlighted that any non-standard legal work would attract an additional cost. So she thought L&C had done enough in the document to make Mr B aware additional costs may be incurred. However, she did think that the £50 offered by L&C was fair and reasonable, as verbally L&C could have made this clearer.

Mr B didn't agree, so the complaint has been passed to me for a 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.

What I need to decide in this complaint, is whether I'm satisfied L&C were unfair in how they explained and set out to Mr B the costs of X. And I'm not. I think L&C did enough to make it

clear that there may be additional legal fees, above and beyond those included in the 'fixed fee', so the amount quoted was not unrealistically low. I'll explain why.

Mr B was making a house purchase and used L&C to obtain a mortgage for him. As part of the process L&C offered and introduction to the service of a solicitor's firm, X, to complete the conveyancing. A 'fixed fee' was quoted, and this was provided to Mr B in the form of a written quotation document.

I have seen this document, and I think it makes it clear that the fixed-fee (in this case £1,517) was only indicative, and covered the basic standard legal services associated with a house purchase. It then lists the type of additional work which would attract a further cost, and that the solicitors would give written notice should these be necessary. And this is what happened. There were additional fees charged by a management agent of the property and I don't think these could have been reasonably known to L&C or X prior to the legal work starting.

L&C have acknowledged it could have been clearer when it discussed the potential additional costs and have offered Mr B £50 compensation. I am satisfied that this is fair and reasonable in the circumstances, especially as the quotation document is so clear. So, I don't think it should do anything else.

My final decision

I do not uphold this complaint. I am satisfied the £50 already offered by London and Country Mortgages Ltd, trading as L&C Mortgages, is fair, so Mr B should contact it if he wishes to accept it.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 13 November 2020.

Chris Riggs
Ombudsman