

## **The complaint**

Mr and Mrs P complain about poor and misleading advice from London and Country Mortgages Ltd when they asked for help extending the term of their interest only mortgage.

## **What happened**

Mr and Mrs P contacted L&C in mid-November 2019. Their interest only mortgage was due to expire in mid-December 2019. L&C said it would apply on their behalf to their lender for a new product and to extend the term. This was an error: the lender said Mr and Mrs P had to apply to it directly for a term extension and not through an intermediary.

Mr and Mrs P say L&C misled them that it would be able to arrange a term extension and new product with their existing lender. They say L&C should have known their ages meant their lender wouldn't offer this. They say L&C failed to look for other options for them. Mr and Mrs P say L&C then abandoned them a few days before their mortgage term expired, leaving them no time to make other arrangements.

L&C accepted it made an error when it said it could arrange a term extension on behalf of Mr and Mrs P. It offered £200 compensation. Mr and Mrs P say this isn't enough. They were left facing possession action from the lender over several months until they were able to re-mortgage.

Our investigator said L&C should have known that Mr and Mrs P would have to apply directly to their mortgage lender for a term extension. However, Mr and Mrs P asked L&C for help less than a month before the term of their mortgage was due to expire. L&C wasn't responsible for the difficulties Mr and Mrs P faced with their term expiring, their lender's decision or the time it took them to re-mortgage elsewhere. The investigator said £200 was fair in the circumstances.

Mr and Mrs P didn't agree. Mr P said L&C failed to recommend a suitable mortgage and seemed to be unaware of mortgage products available for people in retirement. Mr P said L&C had told him in mid-December 2019 their lender didn't offer mortgages to people of their age.

## **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.

Mr and Mrs P say they had phone calls with L&C where they were given incorrect and misleading information. L&C says it doesn't have records of all of the calls Mr and Mrs P refer to and so can't provide recordings. I should say here that where the evidence is incomplete, inconclusive or contradictory, I reach my decision on the balance of probabilities – in other words, what I consider is most likely to have happened in light of the available evidence and the wider circumstances. While I understand Mr and Mrs P's frustration that L&C can't provide recordings of the calls they refer to, I think that I have enough evidence from both parties to reach a fair decision.

Mr and Mrs P's mortgage term was due to expire with an unpaid balance and they asked L&C for mortgage advice. Mr P said they asked L&C to recommend a suitable mortgage – they didn't only ask it to look into a term extension. They expected L&C to look into what options might be available to them, such as re-mortgaging with another provider.

L&C did a fact find. This says Mr and Mrs P wanted to remain in their property for 5 to 6 years. They intended to work past normal retirement age and the nature of their work meant this was possible.

I think L&C did look for mortgages offered by other lenders. Its fact find says "*I am recommending you stay with your existing lender due to [lender] having the cheapest rates available to you*". The fact find refers to another lender with a better rate having a maximum age for interest only mortgages that meant its product wasn't available to Mr and Mrs P.

I don't think L&C's advice to Mr and Mrs P to ask their lender for a term extension was wrong, given the limited time available and that their lender offered the cheapest available rate. But L&C should have known, or checked with the lender, how to go about this. It shouldn't have told Mr and Mrs P it could arrange a term extension with their lender on their behalf.

Mr and Mrs P says L&C misled them when their application was declined by their lender. They say L&C didn't tell them their application was declined due to their ages – something they say L&C should have known from the outset. I don't think this is fair. L&C provided a copy of the information it had from the lender which says where a mortgage term would go past age 70 or retirement age this would be considered on an individual basis, with evidence required of affordability.

Once Mr and Mrs P applied to their lender for a term extension it was for the lender to decide whether to agree to this, taking into account rules of mortgage regulation, its own lending criteria and Mr and Mrs P's circumstances. I don't think it's reasonable to say that L&C could have known what the outcome would be. There's nothing to suggest that L&C knew the lender wouldn't agree to a term extension because of Mr and Mrs P's ages or any other reason.

It's understandable that Mr and Mrs P were upset when L&C told them it couldn't arrange a term extension for them only a few days before their mortgage was due to expire. But their main problem was the imminent expiry of their mortgage term with an unpaid balance: L&C wasn't responsible for them seeking advice so close to the expiry date.

L&C's error – telling Mr and Mrs P it could arrange a term extension – likely delayed them contacting their lender by about three weeks. Mr and Mrs P say L&C wasn't clear enough when it did tell them they'd have to contact L&C directly to arrange the term extension. If so, from what they said this could only have delayed them doing so for a couple of days. I think it's unlikely their lender would have agreed a term extension in one day as Mr P suggests. So while L&C caused a short delay, I don't think this changed the outcome here.

Mr and Mrs P say their lender told them it couldn't provide a mortgage to them because of Mr P's age. If so, it seems likely the lender would have made the same decision if they'd contacted it a few weeks earlier. Mr and Mrs P would then have gone through the same process of applying to other lenders, with the term having expired in December 2019. If they'd wanted help applying to other lenders they could have contacted L&C and asked for help.

## **Putting things right**

In the circumstances, I think £200 compensation for the upset caused by L&C's error is fair and reasonable.

**My final decision**

My decision is that London and Country Mortgages Ltd should pay £200 to Mr and Mrs P, as it offered to do.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P and Mrs P to accept or reject my decision before 7 April 2021.

Ruth Stevenson  
**Ombudsman**