

The complaint

Ms S complains about errors and delays when London and Country Mortgages Ltd applied for a mortgage on her behalf.

What happened

L&C recommended a mortgage to Ms S and made an application to the lender on her behalf. The lender sent a mortgage offer which said it expired on 30 April 2019.

In late March and April 2019 Ms S's solicitor asked for an updated mortgage offer as some details had changed. This became urgent as Ms S wanted to exchange contracts. In mid-April Ms S was told the product she'd chosen was no longer available as it had expired on 31 March 2019. Ms S had to choose a new product before an updated mortgage offer could be issued. Ms S says L&C should have known this, and sorted out the problem sooner.

Ms S says L&C's errors delayed her purchase, and she paid additional rent, storage and other costs as a result. She says the product she had to take out in April 2019 was more expensive than the one she'd previously chosen.

L&C offered £100 for not dealing with the problem with the mortgage offer sooner.

I sent a provisional decision to the parties setting out what I thought about this complaint. In summary, I said completion of Ms S's purchase was delayed due to L&C's error and this had resulted in Ms S incurring costs. I said L&C should compensate her for these costs and pay £300 for the upset and trouble this caused Ms S.

L&C pointed out that this wasn't a straightforward mortgage application. It accepted there was a delay in passing information to Ms S in April 2019. It didn't agree it should pay the costs I'd suggested, as it didn't believe they were additional costs. It said Ms S would have incurred either rent or mortgage payments in May 2019, and had to pay council tax for either the rented house or the house she bought.

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.

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.

What happened – in summary?

L&C recommended the mortgage to Ms S and made an application on her behalf in late 2018. Ms S applied for a fixed interest product which was available until 31 March 2019. The lender issued a mortgage offer which expired on 31 March 2019.

Ms S's purchase fell through. She found another property to buy. The lender issued a mortgage offer for the new property in late February 2019. This included the same fixed rate product Ms S had chosen in late 2018, and had a stated expiry date at the end of April 2019. This expiry date was an error: it should have said 31 March 2019, to tie in with the availability of the product.

While the lender said L&C should have known the expiry date was wrong, I don't think that's fair. However, the lender made L&C aware of the error on 5 April 2019.

On 5 April 2019 L&C called the lender to update Ms S's address, so that an updated mortgage offer could be issued to allow Ms S to exchange contracts. The lender told L&C its system wouldn't allow her to choose that product as it expired on 31 March 2019. It said Ms S would need to choose a new product before it could issue an updated mortgage offer.

There's no evidence L&C told Ms S this before 18 April. Ms S chose a new product that day and exchanged contracts. Ms S completed her purchase in early May.

What were the consequences of L&C's errors?

Ms S preferred the product she'd first chosen, which included a £1,000 cashback. However, she'd have needed to complete her purchase by 31 March 2019 to benefit from the product she wanted. There's nothing here to suggest that Ms S could have completed by 31 March 2019. So I don't think L&C's error meant Ms S missed out on the product she wanted. For completeness, I'd also point out that while the product she did take out didn't offer any cashback, it was fee free, so the fee wasn't added to the mortgage loan. Overall, this product is less expensive than the product Ms S had chosen.

We asked the lender if there were products available between 5 and 17 April, and which weren't available on 18 April. It sent a list of the products available and none expired between 5 and 18 April. So I don't think Ms S missed out on a better product due to the delay.

Ms S says exchange and completion on her purchase was delayed due to the error. She needed an updated mortgage offer to exchange contracts as she'd changed address and the purchase price had changed – but the lender couldn't issue an updated offer until a new product was chosen.

Having read Ms S's comments and the evidence she provided, I think it's likely L&C's error in not telling Ms S she needed to choose a new product did delay her completing her purchase before the end of April 2019.

Ms S says while the vendors preferred to complete in May, they agreed to complete before the end of April as this was when her mortgage offer expired (as she believed at the time). An email from the vendors' solicitors to Ms S's solicitor on 8 April 2019 said their clients needed two weeks to sort the move and therefore couldn't complete before 29 April. Ms S provided an email from her solicitor to the vendor's solicitor on 8 April to say they were waiting for confirmation from Ms S's lender that they could proceed to exchange. An email on 11 April to Ms S from her solicitor also says she was waiting for an updated offer from the lender before exchanging contracts.

So I think the vendors were prepared to complete in April, and exchange of contracts was delayed by the problem with the mortgage offer.

Ms S says she called the lender on 18 April as she was increasingly concerned about timing. This is when she found out she needed to choose a new product. A new mortgage offer was

issued immediately once Ms S chose a new product. Ms S was able to exchange contracts, but says this didn't leave the vendors enough time to arrange their removals before the end of April. Completion was agreed for 3 May.

I think if L&C had told Ms S she needed to choose a new product in early April, she'd have received a new mortgage offer immediately and most likely would have been able to exchange and complete by the end of April 2019.

Putting things right

Ms S says the delay meant she had to pay rent and council tax for the property she was renting for May 2019. Ms S provided evidence of her costs:

- Agreed monthly rent of £660. Ms S provided a bank statement showing a £660 payment to the letting agents for the month of May made on 30 April 2019.
- A letter from the local council confirming Ms S would be liable for council tax to the end of May even if the property was vacant from 3 May 2019.
- Council tax invoice addressed to Ms S for the rental property, with the amount specified for the period 3 May to 30 May 2019 as £124.
- Ms S says she had additional storage costs but the amount was small.

Ms S says she gave notice to terminate the rental agreement as at the end of April 2019. She had to ask to extend when it became clear completion would be delayed beyond the end of April. The letting agents would only agree to extend on a monthly basis, and so she had to pay rent and council tax for May 2019. Ms S's purchase and mortgage completed on 3 May. I think this rent and council tax is an additional cost as Ms S had to make mortgage payments and pay council tax for the property she bought for the month of May. I think L&C should compensate her for these additional costs, which total £784, plus interest at 8% simple a year from 1 May 2019 to the date of settlement.

I also think the problems with the product and the mortgage offer caused Ms S upset and trouble during a property purchase, which is often stressful in itself. I think £300 compensation for this upset would be fair and reasonable in the circumstances.

My final decision

My decision is that I uphold this complaint. I order London and Country Mortgages Ltd to pay to Ms S:

- £784 plus interest at 8% simple a year from 1 May 2019 to the date of settlement*; and
- £300.

If HM Revenue & Customs requires London and Country Mortgages Ltd to take off tax from this interest it must give Ms S a certificate showing how much tax it's taken off if she asks for one.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms S to accept or reject my decision before 7 June 2021.

Ruth Stevenson
Ombudsman