

The complaint

Mr S and Mrs S complain that London and Country Mortgages Ltd trading as L&C failed to provide the service they would have expected and caused them to miss out on a favourable rate of interest for their mortgage.

What happened

Mr S and Mrs S used L&C as a mortgage broker. In September 2021 they had an offer accepted on a property. The initial lender that L&C approached rejected their application. In October 2021 they approached through the broker another lender. Although it was more expensive, they felt they had limited options. Mr S and Mrs S say that the process was stressful, disorganised, and chaotic. The first problem was that their chosen solicitor wasn't on the lenders panel and although on several occasions they understood that this had been sorted it seems that it was never sorted, and the application lapsed on 11 January. The lender also asked for a full structural survey and other additional information. Mr S and Mrs S say that throughout this period, they got no direction from L&C as to how the mortgage was proceeding, were continually asked for more documentation and they made phone calls asking updates that weren't returned. When the application lapsed they had to proceed with a new product and additional fees. Mr S and Mrs S say that the cost was £5,932 together with the distress and at a cost to their health.

L&C said that the long response times from the lender and the need for a full structural survey slowed everything up and then just before the offer could be issued, the problem with the solicitors not being on the panel meant that the application lapsed. But L&C accepted that there were service issues, upheld this complaint and offered £200 in compensation. Our investigator felt that as the matter couldn't proceed because of the issue with the solicitor that the award of £200 compensation represented a fair outcome. Mr S and Mrs S disagreed and asked for a review.

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 S and Mrs S set out in their complaint form a detailed history of their interactions with L&C which I've summarised above. This is an application where several requests by the lender for further documentation which of itself isn't unusual but was demanding of Mr S and Mrs S's time and no doubt frustrating for them. There were also service issues whereby Mr S and Mrs S were promised phone call returns and wanted to be updated by L&C but weren't kept in the loop. But the other issue is whose fault was it that the application was allowed to lapse before a mortgage offer could issue.

During the period after the application was submitted, the broker really had a limited role being effectively a point of contact between the lender and Mr S and Mrs S. That role was to pass on requests for information from the lender to Mr S and Mrs S and, in the main, return documentation to the lender. On reading the file I don't see that L&C failed in that role. If the lender requested further documentation that request was passed onto Mr S and Mrs S and

any documentation when received from Mr S and Mrs S was passed onto the lender.

The reason that the lender appears to have been unable to issue a mortgage offer was that Mr S and Mrs S's chosen solicitor wasn't on the lender's panel. A solicitor getting onto the lender's panel is simply not a matter for L&C. It's in the hands of the solicitor and the lender. So, whatever about the communications between L&C and Mr S and Mrs S about this and whether they were confusing or not, in the final analysis, L&C wasn't responsible for the solicitor not being on the panel. Mr S and Mrs S have suggested that the broker should have intervened in an exchange system that might have hurried the approval of the solicitor's firm.

But the role of the broker is to access a mortgage for the client not to ensure that their chosen solicitor is on the lenders panel. That the solicitor wasn't on the panel, is the reason the application lapsed before the offer issued, I can't fairly find L&C responsible for that. I also note that in their email to us of 3 February 2023, Mr S and Mrs S question why after 3 December 2021, when they understand the case was closed down by the lender were they still asked to submit information to L&C? I've inspected L&C's system case notes and those of the lender and I note that there was a number of deadlines when the lender required all information to be in by including the 26 November and 3 December, but the lender was willing to push back these deadlines for a time but then its maximum period was reached, and it closed the file. The lender indicated that it was in a position on the 17 December to issue an offer if there were solicitors in place which were on its panel. The absence of those prevented the offer issuing but as I say that's not the fault of the broker.

This leaves the service issues and the poor service that L&C accepts that Mr S and Mrs S suffered. In general, I found that L&C processed the application and the requests of the lender promptly but failed in its responses to Mr S and Mrs S requests for updates. Mr S and Mrs S would reasonably be disappointed with this, but their real disappointment must be with the lapsing of the application. But that wasn't the responsibility of L&C and so, my view is that the amount offered by L&C is fair and so I won't require L&C to pay any further compensation. As a result, I don't uphold this complaint.

My final decision

My decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S and Mrs S to accept or reject my decision before 17 May 2023.

Gerard McManus
Ombudsman