

The complaint

Miss H and Mr S's complaint about London and Country Mortgages Ltd trading as L&C (L&C) relates to the service they received when they made an application for a mortgage with X bank using L&C's help.

What happened

Miss H and Mr S wanted to apply for a mortgage to X bank and instructed L&C to assist them. The application was first submitted on 8 July. They told L&C, when completing their application, that they wanted to use the figure of £180,000 set out in the 'home report' as representing the value of the property rather than the asking price figure of £202,513. The reason was that they had agreed to buy the property over the asking price. L&C failed to do as asked and as a result X bank cancelled their application shortly after submission, although later re-instated it. Ultimately their mortgage application was approved albeit later than it would have been.

At that time, Miss H and Mr S were living in rented accommodation and were required to give 30 days' notice to their landlord. They say that because there was a delay in obtaining the mortgage they couldn't give notice until 24 August. They moved into their new home on 26 August but were legally bound to pay their rent for a further 28 days, which cost them £675. They feel that if matters had been dealt with properly by L&C they would have been able to give notice earlier and would have avoided paying the rent for the period after they vacated.

Miss H and Mr S also said they were unhappy with the service they received from L&C in a number of other respects. They were not told that their mortgage advisor (L) was going on paternity leave and were given no alternative advisor to contact, which they say was a critical point of failure as their application was time sensitive; there was an issue with the lender and the mortgage interest rate which was not adequately explained; they had to constantly get in touch with L&C to chase for updates as they were not kept informed; when asking for a new direct debit mandate (DD) to complete this was not provided in a timely manner.

L&C agreed with some aspects of Miss H and Mr S' complaint. They agreed that they could have provided an explanation on the application form to show the two different valuations of the property, although the application form did demand that the purchase price be declared. They accepted that because of this the initial application was closed, resulting in a delay of seven days to 19 July before it was reinstated, and Miss H and Mr S were able to upload the required documentation for the application to proceed. Updates were provided on 26 July and 1 August. On 2 August L&C said they were advised by X bank the original product Miss H and Mr S wanted was no longer available. They accepted that the absence of L on paternity leave had added a complication but nevertheless this was resolved on 4 August and a mortgage offer issued on 10 August. L&C accepted this would have added a further period of 8 days delay.

As to the provision of the DD, L&C said they were asked by X bank to obtain a DD from Miss H and Mr S on 12 August, which was a Friday, and this was provided to them on the Tuesday 16 August, which they felt was reasonable as there was a weekend separating those dates. L&C did not think they had failed to adequately update Miss H and Mr S, since they said that whenever they received information from X bank they passed it along. They recognised that the date for the valuation, which X bank had arranged, proved to be incorrect but said that was a matter outside of their control.

Recognising that their service had fallen below an acceptable standard, L&C offered Miss H and Mr S £100 as an apology for the inconvenience or stress caused.

Miss H and Mr S were unhappy with L&C's final response and so approached this service to see if we could assist in resolving the dispute. Our investigator thought that although there had been poor service, the amount of compensation L&C offered was enough to put things right. Miss H and Mr S didn't agree and asked for the complaint to be passed to an Ombudsman for a final 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.

I've taken account of both sides' views and I've looked at the issues raised and considered all the available evidence. L&C has accepted that it didn't get things right and because of that it offered to compensate Miss H and Mr S with £100. I should say to begin with that I agree that Miss H and Mr S have received a poor service and that they ought to receive some compensation. When this service considers what an appropriate level of compensation might be, we consider a variety of factors, including the trouble, upset, distress and inconvenience that may have been caused and we try to place customers back into the position they would otherwise have been in. We categorise awards and examples of these can be found on our website.

What is important to remember is that there is no set figure, since the facts of each case are different, and ultimately it is an exercise of judgement, looking at all the circumstances of the case and coming to a figure which feels fair, when set against the effect upon the complainant of any particular service failures.

Fortunately, Miss H and Mr S did get the mortgage product they wanted, so in that respect they have no loss. The issue becomes whether the delay caused by L&C has caused them any loss. Certainly, I accept X bank would probably have issued their mortgage offer a little sooner than it did, but it is impossible to know whether that would have been 15 days earlier or just a few. L&C have said that at that time the usual timescale for X bank to make a mortgage offer was an average of 34 days, although by mid-July it had moved to 38 days. As Miss H and Mr S made their application on 8 July it seems likely, using these average figures, that if there hadn't been any errors, they could have expected to receive a mortgage offer from X bank by 11 August, that being the 34-day point. In fact, they received their offer on 10 August which is within that timeframe.

In relation to their rent, I accept that Miss H and Mr S would not have been able to give notice to their landlord until they received their mortgage offer and they knew they were able to commit to their purchase. Miss H and Mr S gave notice on 24 August, and this is some two weeks after receiving their mortgage offer. It seems to me that it is more likely than not that notice was given to their landlord on that date because it coincided with their monthly

rent due date, rather than being directly linked to the submission of their missives. Whilst I accept that it is possible the missives could have been concluded earlier, it's also possible they might not. Even if the missives had concluded 15 days earlier, that being the period of delay, it seems more likely than not that Miss H and Mr S would have ended up having to pay another month's rent in any event. I say that because they were renting on a monthly basis, rather than a weekly basis. So, I don't think the delay caused by L&C had any impact on the date Miss H and Mr S gave their notice.

L&C's notes show that when it had information to pass on to Miss H and Mr S it did so in good time and although the valuation date they advised turned out to be wrong, this was not their fault as they were simply passing on the information given to it by X bank.

For very obvious reasons, taking paternity leave is fluid and not something which can be planned with precision. Although it is unfortunate L&C didn't advise Miss H and Mr S that L had gone on paternity leave, it actually didn't have any impact on their application as issues which arose were dealt with by L&C's case management team as they would have been in any event. L&C did also provide an alternative contact for Miss H and Mr S after their application was submitted.

In relation to the DD, this was provided to Miss H and Mr S within a reasonable time period, considering L&C's office was closed for administrative purposes over the weekend.

So, although Miss H and Mr S will probably be disappointed with my decision, and whilst L&C have indeed made errors, I can't say L&C's errors have had a great impact here, and as such I think the offer L&C made was fairly and reasonable.

My final decision

London and Country Mortgages Ltd trading as L&C has already made an offer to pay £100 to settle the complaint and I think this offer is fair in all the circumstances.

So, my decision is that London and Country Mortgages Ltd trading as L&C should pay £100 to Miss H and Mr S.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss H and Mr S to accept or reject my decision before 27 June 2023.

Jonathan Willis
Ombudsman