

The complaint

Miss L complains about what happened when she applied to remortgage her home with Lloyds Bank PLC. She said the offer was considerably delayed, leaving her little time to complete, and the stress of achieving this made her unwell.

What happened

Miss L applied online to remortgage her home with Lloyds in late May 2022. She got an online agreement in principle, then details by post. A surveyor visited her home to value it. And she said solicitors contacted her, asking for more information, which she supplied.

Miss L said communication with the solicitors continued, and she understood her mortgage was progressing. But in September the solicitors asked if she had received a mortgage offer from Lloyds, as they still didn't have it. Miss L said she hadn't realised this was outstanding.

Miss L contacted Lloyds. She said that was when she realised she hadn't received an offer, and that this was needed to confirm the agreed rate. Miss L said Lloyds told her she needed to pay her product fee for the mortgage she wanted, and to supply some information on her leasehold property. Miss L said Lloyds had never asked her for either of these things.

Miss L said she provided the leasehold information immediately, and tried to pay right away, but Lloyds' system wouldn't let her, so although she tried repeatedly, it took some days for her payment to be successful.

Miss L said she got her mortgage offer on 19 October, but then found out it expired on 30th November. Miss L said Lloyds previously told her she would keep the same interest rate if she took out the mortgage by the end of the year. But she had a month less to complete, including finalising all the necessary paperwork, and finding the funds to pay a large early repayment charge to her old lender. Her request for an extension was refused. Miss L said the stress of finalising everything in such a short timeframe made her quite unwell.

Miss L said she complained, but Lloyds said it had been her responsibility to progress and manage her application. It did pay £75 for the difficulties she had making her payment, but it wouldn't do more than this. Miss L didn't think that made up for what had gone wrong here.

Lloyds' response to our service has remained consistent throughout with what it said to Miss L when she complained. It says the process Miss L chose for her application was "execution only" which means Miss L is responsible for managing the application. She needed to go online to check the progress of her application. Lloyds said it doesn't proactively contact customers about this sort of application.

Lloyds said the mortgage illustration it sent Miss L told her she needed to pay a product fee. It was clear no offer would be issued until this was paid. Lloyds said it wasn't its fault that Miss L hadn't paid this earlier. And it said the details of the valuation were also available online, including the request for the leasehold information which Miss L hadn't supplied.

Lloyds showed us that automated emails were sent to Miss L on 19 May (when her

mortgage illustration was produced) 23 May (when her valuation was booked) 30 September (Miss L has shown us she called Lloyds that day) 14 October, and 19 October (when her offer was issued). And Lloyds has shown us these emails. All but the final email have the same content. They gave her mortgage roll number, asked her to have this number to hand when she contacted Lloyds, and then said –

Thanks – your application for the loan amount of £193,930 has been received and is currently being assessed. If we need any additional information to help with your application, we'll let you know by email.

Lloyds said it called Miss L on 1 October to tell her that the product fee was still unpaid, but couldn't speak to her. It was also waiting for information on her leasehold property. On 3 October it sent her a link to pay her fee.

Lloyds said it had paid £75 for difficulties Miss L had trying to get in touch, but it didn't think there had been any delay or error with the process. It hadn't agreed to extend her offer. It said not all offers are for six months, and this offer was only valid until the date when the underlying product was being withdrawn.

Our investigator didn't think this complaint should be upheld. She said Miss L was informed she'd need to pay the product fee on her mortgage illustration. Lloyds wasn't then obliged to chase up payment, it had already let Miss L know she needed to pay. Our investigator said Lloyds should have requested the leasehold information sooner, but she thought if Miss L had paid the product fee earlier, then this would have happened sooner too.

Our investigator said Lloyds was clear how long the mortgage offer lasted, and didn't have to extend this. And the product itself didn't last for ten years, rather it had a fixed end date, which was set out in the mortgage illustration.

Our investigator thought Lloyds had done enough to make up for what had gone wrong here, and she wouldn't ask it to do any more.

Miss L didn't agree. She felt it wasn't reasonable for Lloyds to say she was responsible for chasing up payment of the fee. She showed us Lloyds had told her that it would normally email to request the product fee, and she said it hadn't done this in her case. Miss L said Lloyds had previously told her she had until the end of the year to draw down her mortgage, then changed this to the end of November. She still didn't think £75 made up for this.

Our investigator didn't change her mind. She still thought an execution only application meant the onus was on Miss L to fulfil the requirements. And if Lloyds had made a mistake about how long the offer was valid for, this was quickly corrected.

Miss L shared emails she'd received from Lloyds, which match the content quoted in italics above. She said that's why she thought Lloyds should have asked her if it needed anything. She stressed that the online portal didn't tell her she needed to pay. When she did discover she needed to pay, she was sent a link, and she said Lloyds had told her its usual process was to send this to customers. So she thought this should just have been sent earlier.

Our investigator asked Lloyds if it could provide more details on its process, including how the fee would be paid. But Lloyds said it couldn't provide screenshots of what Miss L would have seen on the portal, or details of what information is provided in regard to the payment. It remained of the view that it was Miss L's responsibility to move her application forward, and said that Miss L could have seen on the portal that her fee was outstanding.

Lloyds said it couldn't send our service the email it had sent to Miss L to make payment, but

it could provide a template of the email that it used for payment. This template told Miss L to make payment through the portal. The template Lloyds sent us wasn't the same as the email Miss L had shown us she received, which supplied a secure link to make payment.

Our investigator wasn't able to negotiate an agreed settlement between Lloyds and Miss L, and she said she wouldn't recommend Lloyds pay more compensation. She still thought the problem was that Miss L hadn't paid the product fee. Because no agreement was reached, this case then came to me for a final decision. And I then reached my provisional decision on this case.

My provisional decision

I issued a provisional decision on this complaint and explained why I did propose to uphold it. This is what I said then:

Lloyds' position, in short, is that the application type Miss L chose meant she was obliged to manage this process herself. It says what went wrong here is just that Miss L didn't do so.

Lloyds also says all the information Miss L needed to manage this process and to ensure progress was available to her at all times, on the application portal. It hasn't been able to show us that the portal did tell Miss L she needed to make a payment, or otherwise provide screenshots of how a customer is normally alerted to the need to be proactive in logging in to the portal. And Miss L is adamant that the portal did not tell her to make payment.

My decision here isn't that requiring its customers to manage their own applications, and relying on them to proactively check an application portal, would be an unreasonable approach for Lloyds to take. However, my provisional view is that this isn't consistent with the emails Lloyds issued to Miss L.

Lloyds has shown us the emails it sent to Miss L. The key phrase appears to me to be this – *"If we need any additional information to help with your application, we'll let you know by email."* And Miss L has shown us these are the emails she received.

So I think the reason Miss L thought Lloyds would contact her if it needed more information, is because that's what Lloyds told her it would do. And I also think that is simply inconsistent with the process Lloyds has since described, where Miss L won't get reminders or prompts, but is herself responsible for taking proactive steps to check the progress of her application.

I think it was reasonable for Miss L to rely on the contents of the emails she received from Lloyds, and to work on the basis that Lloyds would contact her if it needed more information.

We know Lloyds did need more information in this case. It needed information on Miss L's leasehold property, which it had not requested. Lloyds has been clear that Miss L's offer could not have been issued until this was received.

Miss L has shown us Lloyds confirmed to her that it normally asks customers to pay the fee. But even if it doesn't normally do that, and relies on the mortgage illustration as its only notification that a payment is due (which does not currently seem most likely, given that both Lloyds and Miss L have evidenced emails sent to remind clients to pay the fee) I've still seen nothing in this case to make me think that, if Miss L had been proactive in

making this payment, Lloyds would then have asked for the outstanding leasehold information any sooner than it did.

Lloyds' position on this was also that the valuation information was available on the portal, and it mentioned the need for information on the leasehold property. But as I've already noted, I don't think it was reasonable to expect Miss L to proactively look for this, when Lloyds had previously reassured her it would ask for the information it needed.

I think the delay in this case happened because Lloyds repeatedly emailed Miss L to reassure her it would ask for more information if it needed it, and then didn't do that. And I think Miss L didn't notice this lack of communication, because she was discussing her mortgage with Lloyds' solicitors, and supplying additional information in response to their requests.

When Lloyds did issue an offer in this case, Miss L then found she had a very short period to complete her remortgage. Lloyds declined to extend the offer, as the product itself was about to expire. I don't think Lloyds had to extend the offer in this case. But, because I think Lloyds is primarily responsible for the delay in issuing this offer, and that's why the offer was only issued so close to the product expiry date, I do think Lloyds ought to pay Miss L a little more compensation than it has paid to date. That's to make up for the inconvenience and stress caused to Miss L by having to meet a tight deadline, or lose this mortgage deal.

Lloyds has already paid £75 in compensation in this case. I think Lloyds should now pay £225, to make a total of £300 in compensation.

I invited the parties to make any final points, if they wanted, before issuing my final decision. Both sides replied to the provisional decision in this case, to accept it.

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.

Neither side has offered any further evidence or argument, and I haven't changed my mind. I'll now make the decision I originally proposed.

My final decision

My final decision is that Lloyds Bank PLC must pay Miss L £225 in compensation, in addition to the £75 it has already paid in this case.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss L to accept or reject my decision before 18 September 2023.

Esther Absalom-Gough
Ombudsman