

The complaint

Miss M's complaint about London and Country Mortgages Ltd (L&C) relates to the time taken to process and complete her mortgage application and also the service she received.

What happened

In June 2022, Miss M instructed L&C, a mortgage broker, to advise her regarding a re-mortgage application. L&C did so, and on 29 June made an application on her behalf to a lender. The lender issued a mortgage offer on 14 December 2022.

In the intervening period Miss M was asked to obtain and supply information and documentation to L&C so that the lender could assess her application. Miss M also says that during the application process she made repeated enquiries to L&C and on occasions received no response.

L&C have accepted that it had provided some poor service in failing to notice that Miss M wasn't responding to messages sent to her through the 'chatter' function on its mortgage portal. Further, L&C accepted there had been a delay of around 10 days, in early November, in it uploading one of her documents to the lender.

In recognition of this poor service L&C offered Miss M £150 by way of an apology and for the distress and inconvenience caused.

Miss M was unhappy with L&C's final response and so approached this service to see if we could assist in resolving the dispute. Our investigator initially thought that L&C's offer of compensation was insufficient and recommended it be increased, but after receiving further representations from L&C about the periods of delay, was satisfied that L&C's initial offer of £150 was in all the circumstances fair and reasonable.

Miss M 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.

From the evidence provided the following timeline appears to be relevant.

29 June – the mortgage application was submitted

7 July – a case manager (CM) from L&C notified Miss M through the portal that she would need to check which documents the lender required her to upload

11 July – a CM tried to call Miss M but could not get through and left a voicemail for her

18 July – L&C sent Miss M a 'chatter' message enquiring about the documentation requested

26 July – L&C repeated their 18 July request
 2 August – L&C repeated their 18 July request again
 2 August - Miss M received an SMS message to say there was an update on the portal. She then used the chatter function to upload some of the documentation which had been requested
 8 August – Miss M advised L&C she was having issues obtaining some tax documentation
 26 August – L&C enquired of Miss M about the outstanding documentation
 30 August – Miss M confirmed to L&C that she had uploaded the requested documents, although the documents relating to her tax affairs were not correct as she had provided her tax calculations but not the corresponding Tax Year Overviews originally requested
 14 September – L&C were in receipt of all documentation requested by the lender
 16 September – L&C attempted to upload the documentation Miss M had supplied to the lender but were unable to as there was an IT issue on the lender's part
 21 September – L&C successfully uploaded all documentation to the lender
 3 October – the lender requested further information and down valued the subject property
 4 October – a CM called Miss M explaining that she should choose another mortgage product or reduce the size of her loan as a result of the property down valuation
 7 October – Miss M advised L&C she wished to reduce her loan amount and would require more time to raise the funds for the balance
 10 October – a CM contacted Miss M enquiring about the outstanding documentation who explained she had placed matters on the 'back burner' although still wanted to proceed her application
 25 October – Miss M was advised by L&C that the lender wanted a recent payslip and proof of her rental income
 28 October – as the lender said it had had no contact from L&C Miss M submitted the outstanding documentation directly to them
 31 October – the lender made a request of L&C for a response and the outstanding documentation and in turn L&C asked Miss M
 3 November – L&C contacted the lender to be told that no documentation had been received and so L&C uploaded the documentation they held
 4 November – L&C asked Miss M for her payslip from her new employment and documentation from her own company as it was required for part of the lender's affordability assessment
 7 November – Miss M sent her payslip to L&C and although received, when internally passed on the recipient didn't receive it
 18 November – the lender requested Miss M's payslip again and C&M provided it
 29 November – the lender made a request for further information which C&M passed on to Miss M
 14 December – the lender issued a mortgage offer

It is an obvious point, but nevertheless one worth noting, that all lenders require an applicant to provide proof of earnings and documentation to support each mortgage application. A broker has no influence over what documentation might be sought by a lender, or indeed when it might be requested. That is a matter for each lender, and the nature type and extent of such documentation required can vary from lender to lender.

In Miss M's case the lender in question operated what they call a 'Right First Time Policy' meaning that L&C were unable to submit documentation in a piecemeal fashion. They were required to collect from Miss M all the necessary documentation the lender requested and submit it in one go. Naturally, it was open to the lender to request any further information and documentation it thought necessary to enable them to process the application.

In Miss M's case, from the point of application to the issue of the mortgage offer, a period of almost six months elapsed, which is clearly a long time. However, whether in the circumstances which pertain here, it is in fact unreasonable, requires some careful analysis.

From 29 June to 2 August, a period of just over a month, L&C were waiting for documentation from Miss M. This was documentation requested by the lender the details of which were set out on the portal. It appears Miss M was unaware of this and although as a fact L&C provided her with notification, I think it could have done more, as indeed it eventually did on 2 August by sending her an SMS to prompt her to look on the portal itself. That said, L&C left a voicemail message for Miss M on 11 July which shortens the delay period. L&C have accepted that this is a period where it's level of service fell down. I know L&C have argued that it chased Miss M during July, but this was at a time she was unaware of the chatter facility which could have easily been brought to her attention once more.

I think the next period of concern is that to the 14 September. It is during this period that L&C were waiting for documentation from Miss M which included her Tax Year Overviews. L&C did explain this to her initially and so when the documents she did provide were not correct, it naturally led to a delay until they could be provided. That cannot be the fault of L&C. As the lender operated the Right First Time Policy the 14 September was in fact the first time L&C could upload the documents, so I can't attribute this period of delay to L&C.

Next is the period from 14 September to 3 October. This was when the lender was assessing Miss M's application. There is a five-day period of delay caused by what appears to be a failure or problem with the lender's IT system failure which L&C cannot be blamed for. The balance of that period is a reasonable period for the lender to process the application.

The next period is from 4 October to 7 November. During this period Miss M was advised of the property down valuation and Miss M choosing to place matters on hold whilst she accumulated additional funds to allow her to reduce the size of the mortgage she needed. She was also required to obtain and provide further information in relation to her payslip and company documentation. During this period when L&C were asked to provide information, they did, and I can't see any evidence of delay on their part.

From 7 November to 18 November there is a period of delay as L&C misplaced the documentation Miss M had provided, but thereafter having provided it to the lender, and the lender requesting yet more information from Miss M, the mortgage offer was issued in a reasonable time frame.

Putting things right

So, although undoubtedly it did take a long time for the mortgage offer to be issued from the date of application, in my view L&C have provided reasonable explanations provided as to why that was. L&C has accepted that it didn't get things right in certain areas, and because of that offered Miss M with £150 which I think is reasonable.

My final decision

London and Country Mortgages Ltd has already made an offer to pay Miss M £150 to settle this complaint, and I think that is fair and reasonable. So, my final decision is that it should pay Miss M £150.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss M to accept or reject my decision before 25 December 2023.

Jonathan Willis

Ombudsman