

The complaint

Mr S and Mrs N complain that London and Country Mortgages Ltd (“L&C”) caused delays in arranging their remortgage, so they didn’t have enough time to complete other required paperwork. They had to stay with their previous lender instead, and are now paying more.

What happened

Mr S and Mrs N said they asked L&C to help them when they wanted to remortgage their home, changing their lender. They had a Help To Buy (“HTB”) loan on the property too, which meant that once their new mortgage offer was received, they needed to obtain further paperwork from the HTB loan administrator, before their remortgage could go ahead. Mr S and Mrs N ran out of time to do that, and they said that was because of delays L&C caused.

Mr S and Mrs N started their remortgage application in early July 2022, and an offer was made by their proposed new lender on 4 November.

Mr S and Mrs N said the portal L&C uses to notify them of progress of their application and to receive uploaded documents just didn’t work for them. They said they had supplied requested documents through other means, despite their security concerns about this. But L&C just didn’t acknowledge those documents.

Mr S and Mrs N showed us a final response letter from their proposed lender, which placed the blame for delays in receiving their mortgage offer firmly on L&C. Mr S and Mrs N have also complained separately about delays at the HTB administrator. For present purposes, I note that our service hasn’t suggested that those delays are the reason why Mr S and Mrs N didn’t secure this mortgage. (That separate complaint only looked at the actions of the HTB administrator, and didn’t consider whether L&C could have secured this mortgage offer earlier for Mr S and Mrs N.)

Mr S and Mrs N have since remortgaged with their previous lender, and so avoided the need for any fresh paperwork from the HTB administrator. They say the rate they were able to get isn’t as good as the one they hoped to secure through L&C, so they are paying much more each month than they were expecting as part of the application L&C made for them.

L&C said the core problems were that Mr S and Mrs N weren’t working with it to resolve the problem with the portal (Mr S was asked to send in screenshots of the problem, but never did) and that Mr S and Mrs N delayed in sending documents, particularly the proof of their right to reside in the UK, which wasn’t received until 7 September.

L&C said it accepted it could have chased Mr S and Mrs N more frequently for responses, and it was sorry its portal hadn’t been working as it should. So it said it wanted to offer £100.

Our investigator agreed that the delay was mainly because Mr S and Mrs N hadn’t supplied documents when requested, but she said L&C should pay £200 in compensation, because it didn’t initially request all the documentation the lender had asked for.

In reply, Mr S said he’d sent the requested right to reside proof to L&C on 17 August. He

sent us an email where L&C acknowledged receipt of this on 18 August. Mr S wanted this complaint to be considered by an ombudsman, so it was passed 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:

When this case came to me, I asked for further information from L&C about Mr S's submission of documents, and why it took so long for the issues Mr S raised with using L&C's portal to be referred to L&C's own IT team. L&C hasn't replied to those further questions, and I do now consider it's appropriate to proceed with a decision in this case.

I can see that Mr S started raising concerns about L&C's online portal from the outset. I understand L&C relies on that portal, not just to upload documents, but also to manage the mortgage application process, and communicate what's needed to the applicant. Mr S said he couldn't access it.

L&C has told us it asked Mr S for screenshots, so it could see what the problem was, and he didn't send them in. But I can see L&C finally referred this problem to its own IT team on 1 September. It doesn't seem likely that this was in response to the requested screenshots, because L&C said Mr S had raised this concern on a call.

When L&C referred this issue to its IT team, they discovered Mr S had a previous application on its system which was causing the problem. L&C's notes suggest its IT team was able to resolve this in under an hour. So it's not at all clear to me why this couldn't have been resolved for Mr S at the outset.

Although I understand that Mr S and Mrs N were reluctant to send documents by email, outside of L&C's secure portal, I think it's fair to say that, even allowing for this, it has taken Mr S and Mrs N some time to respond to L&C's requests for documents. Their concerns about the security of sending documents by email don't seem to me to explain all of the time it took Mr S and Mrs N to supply requested documents.

However, I think that any delays on the part of Mr S and Mrs N are, in this case, considerably outweighed by the delays that L&C caused. I will summarise those briefly.

The lender in this case has confirmed that it requested information on the ownership of solar panels on Mr S and Mrs N's property as early as 18 July. I haven't been able to see that this request was passed to Mr S and Mrs N until September.

Mr S and Mrs N supplied their right to reside paperwork on 17 August. L&C said a core reason for the delays in this case was that it didn't receive this documentation until 7 September. But Mr S has shown us that L&C acknowledged receipt on 18 August.

Mr S and Mrs N's application was reopened at the start of September, and L&C then appears to have sent the lender their previous payslips on 7 September. This is despite its internal notes saying it knew these were out of date. Mr S and Mrs N don't appear to have been asked for up to date versions until 12 September.

On 12 September, Mr S asked L&C to confirm if it had all the documents it needed. He appears to have asked the same question twice, on the same date. This doesn't appear to have been followed up by L&C with a query to the lender until 26 September.

The lender responded on 30 September listing the outstanding documents, but this request appears to have been passed over to Mr S and Mrs N in a piecemeal fashion, over two emails on 5 and 13 October.

It's not clear why L&C would take almost two weeks to check what documents were outstanding, after Mr S requested this, then another two weeks to pass on part of the lender's document request.

Whilst the overall picture isn't completely clear here, it does seem likely that if L&C had acted promptly throughout Mr S and Mrs N's application process, the lender's issues could have been resolved by the start of September 2022, and a mortgage offer could have been made around the time when the application was instead withdrawn.

I know Mr S and Mrs N complained separately about delays at their HTB administrator. That administrator has accepted that it caused 10 days of delay because it didn't consider their documents right away, once they were submitted. I also note that Mr S and Mrs N didn't submit their mortgage offer and other required paperwork to the HTB lender until 13 December, although they'd received their mortgage offer about a month earlier.

I understand that even if Mr S and Mrs N's mortgage offer had been received sooner, the expiry date would have remained the same. And the HTB administrator had indicated it would take 4 to 6 weeks, after Mr S and Mrs N secured an offer and asked it for the necessary paperwork for the HTB lending, to process the further documentation they needed to complete the mortgage. So, even allowing for some delays that Mr S and Mrs N would appear to be responsible for, and the delay of 10 days that their HTB administrator accepts it caused, if Mr S and Mrs N had received an offer in early September instead of early November, it does seem to me likely that this mortgage could have been completed by the original mortgage offer expiry date of 11 January, or at the latest, by Barclays' revised deadline of 25 January.

Mr S and Mrs N were hoping to secure, through L&C, a mortgage with the interest rate fixed at 3.05% until 31 August 2027. This mortgage came with fees payable at completion, and once the mortgage was paid off. They have shown us they secured an alternative mortgage offer from their pre-existing lender, in mid-December 2022. That was a mortgage fixed at 4.42% until 30 April 2028, which doesn't have any fees. I understand they have since taken up this offer. So Mr S and Mrs N are paying more each month on their mortgage, for what is broadly the same lending and the same term. And my provisional decision is that this is because of delays that L&C is responsible for.

For that reason, I will ask L&C to work out the difference between the monthly mortgage payments that Mr S and Mrs N are making now, and what they would have paid, if they'd secured the interest rate that was offered to them through their L&C application. L&C should work out the total difference in all Mr N and Mrs S's monthly payments, from the point when Mr S and Mrs N took up this offer from their existing lender, until 31 August 2027, when the fixed rate offer L&C obtained for them would have come to an end. L&C may deduct from that amount, all the fees which would have been payable under the mortgage offer it obtained for Mr S and Mrs N, and any payment of compensation it has already made to them for this complaint. My provisional decision is that L&C should then pay the remaining amount to Mr N and Mrs S, as a lump sum.

I do think there are advantages to obtaining a lump sum like this, in advance of mortgage payments being due. So I don't think L&C also has to pay compensation in this case.

I should caution Mr S and Mrs N that this is a provisional decision, and is subject to change. I note that L&C didn't submit more evidence when requested to do so, but our

service would still need to consider any new evidence or argument that L&C chooses to submit in response to my provisional decision. However, on the evidence I've seen to date, this is what I think would provide a fair and reasonable outcome in this case.

I invited the parties to make any final points, if they wanted, before issuing my 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.

Mr S replied to say he was happy with my provisional decision, and didn't have any further comments. I'd just like to remind Mr S and Mrs N that they will also now need to respond to our service to accept this final decision, before the deadline set out below.

L&C also replied. It said the reason it hadn't responded to our service's requests for further information before I issued my provisional decision was that those weren't safely received by it. However, L&C didn't wish to offer evidence now. It said that, having read my provisional decision, it had no further information it would like to add.

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 London and Country Mortgages Ltd must work out the total difference between the monthly mortgage payments that Mr S and Mrs N are making now, and what they would have paid, if they'd secured the interest rate that was offered to them through their London and Country Mortgages Ltd application. London and Country Mortgages Ltd should work out that total from the point when Mr S and Mrs N took up this offer from their existing lender, until 31 August 2027, when the fixed rate offer London and Country Mortgages Ltd obtained for them would have come to an end.

London and Country Mortgages Ltd may deduct from that amount, all the fees which would have been payable under the mortgage offer it obtained for Mr S and Mrs N, and any payment of compensation it has already made.

London and Country Mortgages Ltd must then pay the remaining amount to Mr N and Mrs S, as a lump sum.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs N and Mr S to accept or reject my decision before 31 January 2024.

Esther Absalom-Gough

Ombudsman