

## **The complaint**

Mr H and Ms W's complaint is about the service London & Country Mortgages Ltd (L&C) provided them with when they asked it to arrange a mortgage for them in the spring of 2023. They consider the delays caused by L&C have meant they will have to pay a higher rate of interest than they otherwise would have.

## **What happened**

Mr H and Ms W contacted L&C in April 2023 regarding re-mortgaging their unencumbered home in order to release equity. There were discussions and L&C confirmed that it would be able to help them. Mr H and Ms W emailed the mortgage adviser on 18 April 2023 and confirmed that they wanted to go ahead with a mortgage. On 17 May 2023 Mr H and Ms W again contacted L&C confirming they wanted to go ahead with arranging a mortgage. They also asked whether there was a possibility of getting a standard mortgage given Mr H was over 70 years old, rather than a retirement mortgage. The mortgage adviser's response to that was that there was a chance, but that it would come down to finding the right lender. He signed off by saying that they would catch-up on Mr H and Ms W's return from holiday and review all the options to see which suited best.

Mr H and Ms W chased the mortgage adviser several times following their return from holiday in May 2023, but didn't receive a response until 6 June 2023. At this point a new mortgage adviser was appointed and Mr H and Ms W had a discussion with her on 7 June 2023. They were asked to provide income information and were promised that L&C would search for suitable mortgages for them. The required information was sent to L&C the same day, but L&C didn't contact Mr H and Ms W again, despite them chasing. Mr H and Ms W complained to L&C about the lack of response and poor service on 4 July 2023.

L&C responded to the complaint in letters of 20 July and 18 August 2023. It acknowledged that it had caused delays in the process of their re-mortgage between 17 May and 5 July 2023. However, as it had not provided Mr H and Ms W with a recommendation and they could have gone elsewhere, it didn't consider it was responsible for any losses they believed they had suffered. However, it offered them £200 for the poor service it provided, which was not accepted.

The complaint appears to have prompted the second L&C mortgage adviser to contact Mr H and Ms W. Subsequently, L&C provided Mr H and Ms W with a mortgage recommendation. They accepted the recommendation and took out a retirement interest-only mortgage. It had a two-year fixed interest rate product attached to it providing an interest rate of 6.95%. This was the fee free two-year interest rate product available at the time the recommendation was made.

During our investigation of the complaint, the lender has confirmed the equivalent product to that which Mr H and Ms W took out, available between 4 May and 25 May 2023 inclusive, would have had an interest rate of 5.65%.

One of our Investigators considered the complaint, and she concluded that, had L&C not ignored Mr H and Ms W in April and May 2023 when they said they wanted to go ahead with

a mortgage, they would likely have had a recommendation much earlier than they did. Had that happened, Mr H and Mrs W would have had a two-year interest rate product of 5.65%. As such, the Investigator recommended that L&C pay Mr H and Ms W the difference between the interest they will pay during the term of their existing product and that which they would have paid on the lower interest rate. In addition, she recommended that the compensation for upset and inconvenience be increased to £300.

Mr H and Ms W accepted the Investigator's findings.

L&C didn't accept the Investigator's conclusions. It said that Mr H and Ms W were not tied to or limited to the service offered by L&C and so could have sought advice elsewhere when it failed to provide the service it should have. However, as the service failures in this case were exceptional, it agreed to honour the rate it believed Mr H and Ms W would have had as at 26 May 2023 – 6.05%. L&C said Mr H and Ms W were not eligible for the 5.65% rate as it had been withdrawn before it would have been able to have completed the advice process and submitted an application. This was because it said that the proper advice process hadn't started before they went on holiday in April 2023.

The offer was forwarded to Mr H and Ms W, but they didn't accept it. They said that the first mortgage adviser had spent half an hour with them taking down all the information he needed and that he said he would research mortgages while they were on holiday. They also confirmed to the mortgage adviser before they went on holiday that they wanted to go ahead with the mortgage and would be in touch when they got back.

The Investigator considered the further submissions that had been made by both parties. She issued a further opinion letter on the complaint, but overall, she was not persuaded to change her conclusions. In addition, she was satisfied that the discussions that took place in April 2023 were such that the advice process should have moved forward immediately upon Mr H and Ms W's return from holiday. She remained satisfied that had L&C provided the level of service it should have, Mr H and Ms W would have had a mortgage with a two-year fixed product of 5.65% attached to it.

L&C continued to disagree with the Investigator. It maintained that when the mortgage adviser spoke to Mr H and Ms W in April 2023, it was simply an enquiry and that it did not gather enough information at that time to be able to recommend a mortgage. As such, when they got back from holiday on 12 May 2023, the advice process would effectively have had to start with a fact-finding exercise, then research into a mortgage would have needed to be done, followed by a recommendation. There was no possibility that this process would have been completed before the 5.65% product had been withdrawn by the lender.

As the Investigator was not persuaded to change her conclusions, the complaint was referred for review by an Ombudsman.

### **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.

L&C has accepted that it caused delays in the advice process Mr H and Ms W went through. The dispute is about whether it is, as a result, responsible for them suffering a financial loss and what that loss is.

L&C has said that as its service was exceptionally bad in this case, with two mortgage advisers ignoring Mr H and Ms S after initial conversations with them, it would honour the rate it believed they would have received if it had started an advice process after Mr H and

Ms W returned from holiday in May 2023. It has said the conversation Mr H had with the mortgage adviser in April 2023 was not sufficient for the process of recommending a mortgage to Mr H and Ms W to move forward.

I have listened to the telephone call in April 2023 and I do not agree with L&C's interpretation of its content. The mortgage adviser had clearly accessed a fact find from an earlier advice process setting out Mr H and Ms W's circumstances. He was also clearly updating the information contained in that fact find; indeed, at one point he states "I'll just update that" and typing can be heard on the call at various points. By the end of the conversation Mr H had provided details of his and Ms W's employment status, earned and retirement incomes, assets, liabilities, needs and requirements. That is what a fact-finding appointment is designed to do and I am satisfied the mortgage adviser was in a position to understand thoroughly what Mr H and Ms W wanted and their circumstances. The adviser had also completed an affordability assessment and confirmed that he could facilitate what Mr H and Ms W wanted – the only thing to determine was the right lender for them. The discussion ended with Mr H saying that he would discuss what had been said with Ms W and email the adviser to confirm what they wanted to do.

Mr H and Ms W emailed the mortgage adviser the following day to confirm they wanted to move ahead with taking a mortgage. While Mr H and Ms W were overseas until 12 May 2023, I am satisfied that L&C was in a position to move the advice process forward and could, had it not ignored Mr H and Ms W's instruction, have had a recommendation ready for them when they returned from holiday and presented it to them shortly thereafter. While documentation would have been needed from Mr H and Ms W to accompany the mortgage application, when they were asked for that information in the latter application process they provided it quickly.

As such, I am satisfied that had L&C provided a level of service to Mr H and Ms W that they could reasonably have expected, they would have received a recommendation for a mortgage before mid-May 2023. I am also satisfied this would have led to the recommendation involving an earlier interest rate product, which would have involved a lower interest rate than that which they ended up with.

The mortgage lender Mr H and Ms W were recommended provided details of the interest rate products that would have been available to Mr H and Ms W in May and June 2023. Mr H and Ms W took a two-year product that didn't require them to pay a fee. The information from the lender confirms that the equivalent product available between 4 May and 25 May 2023 involved an interest rate of 5.65%. While L&C has disagreed that this product was available for that entire period, I am inclined to accept the dates the lender has provided as accurate, because it was the party offering the product and would reasonably know what it was offering.

This means that Mr H and Ms W's application would have needed to be submitted to the lender and accepted by it within 13 days of their return from holiday. I don't consider that this would have been an unreasonable timescale, given the timescales of the actual application made in July 2023. So I am satisfied that, but for the service issues on L&C's part, Mr H and Ms W would have been able to secure the 5.65%, two-year interest rate product for their mortgage.

L&C offered Mr H and Ms W £200 for the upset and inconvenience its failings caused them. I have considered the detail of this complaint and it is clear that the service they received from the first mortgage adviser was poor and this would have caused them frustration and likely concern because they had a deadline for wanting the proceeds of the mortgage. L&C then compounded that mistake by passing them to another mortgage adviser to repeat the first stage of the process and then for her to ignore them for weeks thereafter. As such, I

consider the £200 L&C is not sufficient compensation. Like our Investigator, I think it should be increased to £300.

### **Putting things right**

L&C should calculate the amount of interest Mr H and Ms W will pay during the term of the interest rate product that is attached to their mortgage. It should also calculate the amount of interest they would have paid had the product had an interest rate of 5.65%. It should pay them the difference between the two figures.

In addition, L&C should pay Mr H and Ms W £300 compensation for the upset and inconvenience its service failings caused them.

### **My final decision**

My final decision is that I uphold this complaint. In full and final settlement of the complaint, I order London and Country Mortgages Ltd to settle it in line with the instructions in 'putting things right' above.

Under the rules of the Financial Ombudsman Service, I am required to ask Mr H and Ms W to accept or reject my decision before 31 May 2024.

Derry Baxter

**Ombudsman**