

The complaint

Mrs C and Mr C complain that Investec Bank PLC (Investec):

- Did not help them to understand the product they were applying for despite asking for clarification on several occasions.
- Increased the fees due after they were already committed and unable to switch to another lender.
- Delayed the application
- Charged excessive solicitor fees
- Provided a product that was designed for commercial property developers rather than a consumer conducting a residential refurbishment.

What happened

Mrs C and Mr C approached a broker (not a party to this complaint) in early July 2023 looking to take out a mortgage over their existing home to fund significant renovations.

The broker recommended Investec and an application was submitted. Mrs C and Mr C say they were surprised at the initial costs quoted but decided to go ahead due to time pressures on the renovation.

In September 2023, Mrs C and Mr C say they were notified of increased application fees to the tune of around £14,000 but were reassured the application would complete within six weeks. They were also told that as they had already commenced the refurbishment, their options to shop around for a new lender were limited. So, they felt they had no option but to accept the increased fees.

Mrs C and Mr C say they had to chase both their broker and Investec repeatedly and consider there to have been delays throughout.

They were also asked to provide collateral warranties as part of the application, without which the lending would not be approved. Difficulties ensued with the contractors on the build declining to provide such warranties and instead suggesting they would only be expected on a commercial build. After some exchanges between Mr C, his broker and Investec as well as a complaint by Mr C, Investec agreed to waive the need for the warranties as a gesture of goodwill and the application completed in December 2023.

Dissatisfied with the service from Investec, the increase in fees as well as what Mrs C and Mr C refer to as 'excessive' solicitor fees, they raised a further complaint with Investec.

Investec investigated their concerns but did not uphold the complaint. It was satisfied that it had not delayed the application and that it was entitled to ask for collateral warranties as part

of its lending criteria. And while it did not go into detail, it was also satisfied that its solicitors were able to justify the fees charged for the legal work associated with the application.

Unhappy with Investec's response, Mrs C and Mr C referred their complaint to our Service.

One of our investigators reviewed the case but didn't think it should be upheld. She did not find that Investec had delayed the application and she was satisfied it had notified Mrs C and Mr C's broker of the applicable fees. She also set out that Investec is entitled to set its own lending criteria – so its request for collateral warranties was not unreasonable.

Mrs C and Mr C didn't agree with the investigator's findings and asked that the case be considered again. Specifically, they said they're unhappy that Investec did not help them throughout the process, despite their regular requests for help and clarification.

As the complaint could not be resolved informally, it has been passed to me 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.

Although I have read and considered the whole file, I'll keep my comments to what I think is relevant. If I don't comment on any specific point, it's not because I've not considered it but because I don't think I need to comment on it in order to reach the right outcome.

Mrs C and Mr C feel Investec should've done more to help them during the application process, and they question whether the product they ended up with is suitable for consumers carrying out a residential refurbishment.

I can appreciate Mrs C and Mr C's strength of feeling on this point. It is clear this was a very stressful time for them, and they were up against tight deadlines while navigating a funding application. However, the responsibility for helping Mrs C and Mr C through the application process and for ensuring the product was suitable for their needs sits with their broker, not Investec.

Mrs C and Mr C's broker recommended Investec and its product as being suitable for their needs. This means it was not for Investec to ensure the product met the needs and circumstances of Mrs C and Mr C. Instead, Investec was able to rely on the fact that Mrs C and Mr C had employed a broker to support them through the application and to ensure the product was right for them. On this basis, I am not going to uphold this element of Mrs C and Mr C's complaint. Any concerns they have that this product was not suitable for them or that they were not supported through the process would need to be directed to their broker.

Mrs C and Mr C complain of delays throughout the process but having reviewed the evidence supplied by both parties, I haven't seen any persuasive evidence to indicate that Investec caused avoidable delays on this application. While it did not complete within the timeframe Mrs C and Mr C originally wanted, this was not due to an error on Investec's part. And any assurances they appear to have been given regarding timeframes seem to have come from their broker, not Investec. And in any event, the length of time it takes for an application to complete will be dependent on several factors, it is not an exact science. So, while Mrs C and Mr C were given the impression in September that the application would take no more than six weeks, this would always have been subject to all conditions of the lending being met.

I am aware Mrs C and Mr C consider it unreasonable that they were asked to supply collateral warranties and that this contributed to the length of time it took for the application to complete. They've said their own contractors told them it was an unusual request for a residential refurbishment, so they don't think it was fair that Investec made this part of its lending criteria. They also say they were led to believe in early November that these would not be needed – something they believe to have been reinforced by Investec deciding to waive this requirement several weeks later.

A lender is entitled to set its own lending criteria when determining how much risk it is willing to take on. This is part of its commercial judgement and not something I have the power to direct Investec change as part of this decision. In this instance, Investec set out early in the process that collateral warranties would be required – the number of which was yet to be determined. It highlighted this and the likely cost to the broker in September 2023. It is not clear if the broker relayed this information to Mrs C and Mr C at this time, but I am satisfied their broker knew that this would be a condition of the lending.

I have reviewed the correspondence from early November 2023 in which Mrs C and Mr C say Investec agreed that collateral warranties would not be needed. Having done so, I do not agree that Investec waived the requirement for the warranties at this stage. Instead, the email correspondence sets out that at least two collateral warranties would be needed unless step in rights were provided. It is unclear if Mrs C and Mr C's broker discussed the implications of this with them, but I am satisfied that all parties ought to have known that collateral warranties continued to be required as a condition of the lending.

I note that Investec later decided to waive this requirement. It has said this was due to the difficulties Mrs C and Mr C were experiencing in trying to obtain them and so as a one off, it allowed the lending to go ahead without such warranties. It should not be inferred from this decision that it was unreasonable to request and pursue the warranties in the first instance. They formed part of Investec's lending criteria, so it was within its rights to insist on such warranties – its decision to waive this to assist Mrs C and Mr C with the difficulties they were facing was a gesture of goodwill and does not lead me to uphold the complaint.

I now turn to the fees charged in association with this application – both Investec's lending fees and its solicitor fees. Investec set out the anticipated fees in its illustration issued to Mrs C and Mr C in mid-September. Any discussion of fees prior to this point would not have been tailored to Mrs C and Mr C's application with Investec so ought not to have been relied on.

The fees were set out clearly and should have been relayed to Mrs C and Mr C by their broker in September. It would have been for them to decide at that stage whether they were happy to accept the proposed figures or, if they thought them excessive, to look around for other lenders. I appreciate Mrs C and Mr C say they felt they had to accept the fees as works had already commenced, but this is not something I can hold Investec responsible for. And I haven't seen any evidence to suggest the fees charged were excessive or applied to Mrs C and Mr C's application unfairly.

Overall, having considered this case carefully, I am satisfied Investec treated Mrs C and Mr C fairly.

My final decision

For the reasons set out above, I do not uphold this complaint against Investec Bank PLC.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs C and Mr C to accept or reject my decision before 3 February 2025.

Lucy Wilson
Ombudsman