

## **The complaint**

Mr and Mrs S complain that more 2 life Ltd relied on an incorrect valuation when it lent them a lifetime mortgage and that it set up the mortgage on an interest rate which they didn't agree to.

## **What happened**

Mr and Mrs S had a mortgage of around £495,000 with another lender which was coming to the end of its term and needed to be repaid in December 2022.

In June 2022, through a broker, they applied to more 2 life for a lifetime mortgage. They wanted to borrow £800,000 against an estimated property value of £3million.

A valuation was carried out in late June 2022. The report put the value of the property at £1,550,000. more 2 life contacted Mr and Mrs S's broker to let them know about the valuation and said it meant that it would only be able to lend £441,750 on the product Mr and Mrs S had applied for, at the then current interest rate of 3.7% fixed for the life of the mortgage. On 18 July more 2 life issued a mortgage offer on this basis.

Mr and Mrs S say the broker told them how much the property had been valued at on 1 July. They complained, and sent the broker details of comparable properties which had sold for far more than the amount at which their property had been valued. They continued to correspond about this in the following months and pointed to mistakes in the valuation report, but the surveyor didn't change the valuation.

The mortgage offer expired on 29 August, and was extended to 10 October. On 11 October more 2 life issued a new mortgage offer. The amount of borrowing was the same as before, but the interest rate was fixed at 6.97% for the life of the mortgage.

The mortgage completed on 5 December. Shortly afterwards Mr and Mrs S complained about the interest rate. They said they had expected to get the 3.7% rate they had applied for and which more 2 life had offered them. They were also still unhappy about the valuation, and that they had needed to find around £50,000 in addition to the new mortgage in order to repay their previous lender.

more 2 life said it had done nothing wrong, and Mr and Mrs S referred their complaint to the Financial Ombudsman Service. Our Investigator didn't recommend that the complaint should be upheld. Mr and Mrs S didn't accept that conclusion, so their complaint was referred to me to decide.

I reached a different conclusion to our Investigator, so I issued a provisional decision.

## **My provisional decision**

I said:

“Mr and Mrs S have complained about the valuation more 2 life relied on in deciding how much it would lend them and also about the interest rate on their lifetime mortgage. I’ll deal with each in turn.

### The valuation

more 2 life calculated the maximum amount Mr and Mrs S could borrow on the basis of the property valuation, which it was entitled to do and which is usual practice. Because the valuation was much lower than Mr and Mrs S expected, they couldn’t borrow as much as they wanted.

more 2 life instructed a firm of qualified surveyors, regulated by the Royal Institution of Chartered Surveyors (RICS), to carry out the valuation on Mr and Mrs S’s property. The purpose of the valuation was to enable more 2 life to make a decision about whether and on what terms it would lend a mortgage to Mr and Mrs S.

When Mr and Mrs S disputed the valuation, more 2 life passed their comments and the information they provided on to the surveyor to assess and decide whether to amend the valuation. I think that was reasonable. But it was for the surveyor, not more 2 life, to make a decision about the valuation.

more 2 life isn’t responsible for what the surveyor put in their report or for the value they placed on the property. It was responsible for appointing a surveyor who was suitably qualified. I’m satisfied that it did that given the surveyor’s RICS qualification, and it was then entitled to rely on their opinion. I don’t have the power to consider a complaint about the surveyor.

I’ve seen copies of some of more 2 life’s correspondence with Mr and Mrs S’s broker, and I’m satisfied that more 2 life made clear soon after it received the valuation report that the valuation meant it could only lend just over half the amount Mr and Mrs S had applied for. It also said there were other options which the broker could explore – it had other products available which might have enabled Mr and Mrs S to borrow more, albeit on different terms. The application nevertheless continued on the basis of the same product.

For these reasons, I don’t consider I can fairly uphold Mr and Mrs S’s complaint about the valuation.

### The interest rate

Mr and Mrs S’s mortgage completed on a rate of 6.97% instead of 3.7% as Mr and Mrs S say they expected. They complained about this soon after the mortgage completed and have said that neither they nor their solicitor knew about the new, significantly higher interest rate.

more 2 life has since told us that it made a mistake: it didn’t send the 11 October offer to its solicitors. Its solicitors couldn’t therefore have relayed that offer to Mr and Mrs S’s solicitors. It did, however, send the 11 October offer to Mr and Mrs S’s broker. I’ll set out below some of the key correspondence between the various parties.

On 30 September more 2 life emailed Mr and Mrs S’s broker and its solicitors saying:

“This offer has now been extended for a further 42 days. Please note this is the maximum time this offer can be extended for.

Old expiry date: 29/08/2022

New expiry date: 10/10/2022

Valuation expiry date: 24/12/2022

**\*\*Important please note – if the file does not complete by the new expiry date then this offer is no longer valid and a new offer at the prevailing rate will be issued – we are unable to honour previous rates\*\***

On 6 October more 2 life emailed the broker again reminding them about the approaching offer expiry date of 10 October and asking for an update. On 7 October it has a record of a call with the broker. The note of the call says the broker told it Mr and Mrs S did want to proceed with the mortgage but may not be able to do so by the offer expiry date, and despite their unhappiness with the valuation.

On 11 October there was an email from more 2 life to the broker saying the previous offer had expired so it had reissued an offer on the prevailing interest rate.

On 1 December more 2 life emailed the broker saying:

“Please could you liaise with your client the above case is on a drawdown product when it should be on a lump sum product. Please can you confirm they are happy to proceed on a lump sum product at the same rate of 6.97%.”

The broker replied on the same day, confirming Mr and Mrs S were happy to proceed with a lump sum product, and asking if the mortgage amount could be increased. The following day, more 2 life confirmed that the mortgage amount was the maximum it could lend.

While more 2 life failed to pass on the 11 October offer to its solicitors, I think it did tell the broker about the new, higher interest rate and it sent a number of emails about it. It had also made clear in September and October that if the original offer expired it wouldn't honour the original interest rate. It made a mistake, but I don't think that mistake means I can reasonably require it to apply the 3.7% interest rate to Mr and Mrs S's mortgage.

I've reached this conclusion because I'm satisfied that Mr and Mrs S's mortgage couldn't have completed on the lower rate. The final expiry date of the offer on that lower rate was 10 October, and completion couldn't have happened before then. Setting aside the dispute about the valuation, more 2 life's records say that on 11 October it was still waiting for evidence of Mr and Mrs S's rights to reside and remain in the UK, which it had asked for and sent reminders about in September and early October. It didn't receive all the necessary documents until November, some time after the first offer had expired.

I don't consider that things would have turned out any differently if more 2 life had told its solicitors about the new mortgage offer it issued on 11 October. The mortgage couldn't have completed on the basis of the 18 July offer because it had expired. Mr and Mrs S needed to complete on the mortgage in December in order to repay their mortgage to their existing lender by the end of the term. And had Mr and Mrs S looked elsewhere for a better interest rate, it seems very unlikely that they would have found one on much better terms than the rate they got. There was considerable turmoil in the mortgage market in late 2022 and interest rates were changing rapidly – which is why the rates more 2 life offered to Mr and Mrs S changed so much between July and October.

So, while I realise that this isn't the decision Mr and Mrs S were hoping for and they are likely to be very disappointed, I don't intend to require more 2 life to make any changes to

their mortgage. I do intend to make an award in recognition of the impact on Mr and Mrs S of more 2 life's mistake in failing to tell its solicitors about the revised terms of the 11 October offer. I think that this failure resulted in avoidable upset and disappointment for Mr and Mrs S, and I propose to award £500 compensation to reflect that."

I invited Mr and Mrs S and more 2 life to let me have any further evidence or arguments they want me to consider before making a final decision.

### **Responses to my provisional decision**

Mr and Mrs S didn't accept my provisional decision. They said, in summary:

- more 2 life acted unlawfully, and things would have turned out differently if it had told them in August that the surveyor had closed their file in July. They would not then have wasted time continuing to challenge the valuation and would instead have approached another lender.
- more 2 life had the information it needed to validate their residency status in July.
- They weren't under pressure from their previous lender to complete on the lifetime mortgage in December.
- This whole matter has caused them considerable stress, upset and wasted time, and affected their health. The interest rate they agreed to was 3.7%, and they consider more 2 life should honour that rate and pay them substantial compensation.

more 2 life accepted my provisional decision and had nothing more to add.

### **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.

This includes Mr and Mrs S's further submissions, all of which I've considered carefully. While I'm sorry to have to disappoint Mr and Mrs S again, I haven't changed my mind about how this complaint should fairly be settled.

I know Mr and Mrs S feel very strongly about the valuation, including about the way more 2 life communicated while they appealed the valuation. Importantly, however, it was Mr and Mrs S's decision to continue to challenge the valuation and I find nothing to indicate that more 2 life invited them to do so. After the surveyor had considered details of the comparable properties Mr and Mrs S provided in July 2022, more 2 life emailed Mr and Mrs S's broker saying the surveyor had decided: "this evidence is not sufficient enough [sic] to amend the valuation to anything other than first stated". It didn't invite them to continue appealing, and it had already told the broker that it had other products which Mr and Mrs S could consider and which may have enabled them to borrow more than it was able to offer on the current product, based on the valuation.

Mr and Mrs S have provided copies of some of the information and documents they provided to their broker about their residency status in June 2022. more 2 life has provided details of its various requests for evidence of their residency status in September, October and November 2022. I'm satisfied that more 2 life didn't receive all the information it needed until November 2022 – after the first offer had expired – and it asked for this information in good time before the 10 October 2022 final expiry date of the first offer. I don't think it caused unreasonable delay in requesting the information it needed or that its handling of this

element of the application meant the mortgage couldn't complete in time for the October expiry date.

I've noted what Mr and Mrs S have said about not having been under any pressure from their previous lender to complete in December 2022. It's nevertheless the case that the term of their previous mortgage ended in December, so that's when they were contractually required to repay it.

I'm satisfied that more 2 life made a mistake in not sending the 11 October 2022 mortgage offer to its solicitors. As a result, its solicitors, and Mr and Mrs S's solicitors, didn't know about the terms on which the mortgage went on to complete. more 2 life had however told Mr and Mrs S's broker about the expiry date of the first offer and the new interest rate of 6.97%.

In all the circumstances and given that at the point the first offer expired more 2 life was still waiting on some of the evidence it needed of Mr and Mrs S's residency status and Mr and Mrs S were still challenging the valuation, I've reached the same conclusion I set out in my provisional decision – the mortgage couldn't have completed by the 10 October 2022 offer expiry date. I therefore find that Mr and Mrs S could never have got the mortgage on the terms of the first offer, on an interest rate of 3.7%. I also can't see that they could have got a similar mortgage at that rate with another lender at that time, and for these reasons I can't fairly require more 2 life to apply the 3.7% interest rate to their mortgage.

I recognise that this matter has taken up Mr and Mrs S's time and caused them considerable upset and stress, and I consider that £500 is a fair award in recognition of the impact on them of more 2 life's failure to tell its solicitors about the terms of the 11 October 2022 mortgage offer.

### **My final decision**

My final decision is that I uphold this complaint and more 2 life Ltd should pay Mr and Mrs S £500 in full and final settlement.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S and Mrs S to accept or reject my decision before 16 January 2025.

Janet Millington  
**Ombudsman**