

The complaint

Mr F complains that London and Country Mortgages Ltd trading as L&C Mortgages did not treat him fairly when it gave him mortgage advice.

What happened

In April 2023, L&C gave Mr F mortgage advice. But there was a delay in buying the property he wanted because the seller had died. Mr F said he spoke to L&C and it assured him the interest rate on the mortgage was “locked in”. But it later turned out that was incorrect.

After Mr F complained, he was told he’d have to reapply for the mortgage. But when he did so L&C told him he’d need to provide his latest accounts. Mr F said they weren’t due until January 2024, so he was unable to provide them. He said that L&C ignored his emails and then provided contradictory information about whether he needed his latest accounts or not. Mr F complained again and he said that L&C admitted that a member of staff had lied to him.

Mr F said that he did not receive a mortgage offer so had to pull out of his proposed purchase. He said he had to extend his rental and then moved back into his mother’s house – and he’s had to pay storage costs. He’s also lost the survey fee he paid for the aborted purchase. Mr F also said that this matter had caused him a lot of emotional toil and stress.

The investigator did not consider that L&C was responsible for all of the delays or the mortgage not going ahead. But he thought that L&C should pay Mr F at total of £250 for the trouble and upset caused by incorrectly leading him to believe the initial rate had been secured and for poor communication.

L&C accepted the investigator’s recommendation. Mr F did not. He responded to make a number of points, including:

- When he found out there was an issue with L&C’s portal he expressed his concerns about that by phone as it would take L&C days to reply to emails.
- He wasn’t told by L&C that it had a secure email system he could use. It should have told him about it when he said he was concerned about the security risk of sending documents by email.
- L&C said that the portal he was having difficulty with was not accessible until a mortgage application was submitted. So L&C had admitted there was a fault with the portal. And he could not understand why he’d been given access to a portal that wasn’t intended to be used by him until a mortgage application had been submitted.
- It was unfair for the investigator to say that he had confused the two portals. If L&C is saying there is one portal for uploading documents pre-application and another for uploading documents post application, how could he have confused the two as he should only have been given access to the pre-application portal.
- At no point did L&C tell him that emails were encrypted. Despite his concern, his emails

containing personal information were not encrypted. That is why they were not sent until the portal was working.

- He was not taken through a secure email set up process.
- He'd attached emails between him and L&C that show a long list of issues he had, including, on 24 May 2023 L&C told him that it had everything it needed to submit an application, but that didn't happen. He was incorrectly assured he could retain the interest rate. Weeks went by and despite numerous phone calls and emails the application stalled. It was not until 5 October 2023 that he was told he'd need his next set of accounts but they weren't due until January 2024, so he couldn't provide them.
- The property was ready by September 2023. But he had to pull out because L&C hadn't secured a mortgage for him and he was made homeless.
- He'd incurred the cost of a survey, solicitor's costs and the costs of six months' storage.
- This matter had a significant impact on his mental health.

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.

I was sorry to hear about the impact of this matter on Mr F. Buying a home and applying for a mortgage is always going to be stressful. I need to decide whether L&C caused Mr F distress and inconvenience that was avoidable and if it was the reason the mortgage applications did not proceed, causing the losses that Mr F has claimed.

Jurisdiction

L&C has issued four final responses to Mr F's complaints. He referred his complaint to us on 11 May 2024. But that was more than six months after L&C sent its final responses dated 23 August 2023 and 1 September 2023. But L&C has consented to us looking at the complaints that were dealt with in those final responses. So although part of the complaint was referred to us outside the time limits in our rules, I can consider it.

First application

The reason the first application lapsed was because Mr F had not provided the documents that were needed to progress the application. I am satisfied that L&C set out in a clear, fair and not misleading way what documents Mr F needed to provide for the application to progress.

The earliest I can see that Mr F told L&C that he could not get the portal to work was 9 May 2023. On 24 May 2023, L&C asked Mr F to send the outstanding documents by email. And on 5 June 2023 it sent a new activation link for the portal. The evidence we have is that L&C then chased Mr F for a response around eight times. I have not been provided any evidence that Mr F meaningfully responded until 27 July 2023 – and on 7 August L&C told Mr F that the lender had closed his case as it hadn't received the documents that were needed.

We've asked L&C for all call recordings between it and Mr F. But the evidence we have does not show that there were any other relevant conversations between L&C and Mr F regarding the application, the problems with portal or any concerns that C had about sending the documents by email.

Looking at all of the evidence we have, I am satisfied that the reason the application lapsed was because Mr F did not provide the documents needed to progress the application in time. I am satisfied that L&C offered appropriate assistance and support to Mr F regarding the portal. There is no evidence that Mr F told L&C that the new activation link it sent on 5 June 2023 did not work. So I don't consider there was anything else it ought reasonably to have done.

I accept that at times L&C took longer than I might expect to reply to Mr F. I will consider the impact of that on Mr F below.

Interest rate

On 24 May 2023 L&C told Mr F that the offer was valid for six months and the lender might extend for another three months. That is not necessarily incorrect – the lender might well honour an offer for that long. But L&C knew that Mr F had not provided all of the information the lender needed – so it was not sufficiently clear in the circumstances of this case.

On 3 July 2023, L&C sent Mr F an email which said the interest rate had been “locked in”, That was misleading.

I do not consider that L&C always gave Mr F clear, fair and not misleading information regarding the interest rate.

Second application

L&C recommended a different mortgage to Mr F on 18 August 2023. On 24 August 2023 L&C told Mr F the application had been accepted subject to survey and underwriting.

L&C told Mr F that the solicitors he's chosen were not on the lender's panel. When Mr F asked why that wasn't picked up sooner, L&C explained that it only submitted the application on 24 August 2023 and the lender had tried unsuccessfully to add the solicitors to its panel. Mr F later confirmed that the solicitors were, in fact on the lender's panel. But there was a delay in passing that information to the lender of around two weeks.

I don't consider L&C is at fault for the issue regarding the solicitors. It was merely passing on what the lender told it. L&C had no control over whether the lender would accept Mr F's chosen solicitor. But there was a delay in passing in the

On 10 November 2023, the lender told L&C that it needed to see Mr F's latest tax calculations. While it accepted that Mr F had until January 2024 to submit his return to HMRC it was concerned that Mr F's net profit was a reduction on the previous year. L&C tried unsuccessfully to see if the lender would accept an explanation from Mr F. But on 16 November 2023, the lender insisted that it would need a tax calculation and tax overview for the 22/23 tax year. As Mr F did not supply that information the application did to proceed.

It was for the lender to decide what information it needed to consider Mr F's application. That was outside L&C's control. But it took reasonable steps to challenge the lender. It tried to get the lender to accept an email explanation from Mr F. But the lender would not accept that and insisted on the latest accounts. It was not L&C's fault that the lender asked for information that Mr F thought he was unable to provide,

I don't consider it was L&C was responsible for the second application not proceeding and I think it took reasonable steps to progress the application in a timely way.

Putting things right

I don't consider that L&C was responsible for the fact that neither application progressed. As I explained the first application did not progress because Mr F had not provide the documents requested by the lender. I consider L&C took reasonable steps in the circumstances to provide support to Mr F when he could not access the portal. The second application did not progress because Mr F was unable to satisfy the lender's proof of income requirements.

As I don't consider that L&C was responsible for the applications not proceeding, I couldn't reasonably say it should compensate Mr F for the losses he has claimed because of that. I accept Mr F is out of pocket because he paid for a survey and solicitor's fees in respect of the aborted purchase. But that is not because of any act or omission by L&C.

I accept, that at times L&C has not always responded or progressed things as quickly as it should have – and it gave Mr F misleading information regarding the interest rate that would be available to him. But in all the circumstances, I consider the investigator's recommendation of £250 is a fair amount to recognise the distress and inconvenience caused by that.

I would add that my award is not intended to compensate Mr F for all of the stress and inconvenience he suffered while making his mortgage applications. It is only to compensate him for the impact of the at times poor and misleading communication. But it reflects that L&C was not responsible for either application not proceeding.

My final decision

My final decision is that London and Country Mortgages Limited should pay Mr F £250.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr F to accept or reject my decision before 27 February 2025.

Ken Rose
Ombudsman