

The complaint

Mr H has complained that Leeds Building Society will not agree to give him a residential mortgage due to the fact that he does not currently live in the UK. He considers this is discriminatory as it places civil servants that work abroad for periods in a worse position than those working in the UK.

What happened

Mr H is a civil servant working overseas. In 2024 he approached Leeds for a mortgage, as he wanted to purchase a property for himself and his family to live in when they returned to the UK. Leeds told him that it would not give him a mortgage as its lending criteria required applicants to be resident in the UK and to have been for two years.

Mr H complained as he considered Leeds' policy was discriminatory and meant that he might not be able to obtain the most competitive mortgage available in the market.

Leeds responded to the complaint in an email of 31 July 2024. It simply confirmed that Mr H didn't fit within its lending criteria and so it could not offer him a mortgage.

Mr H was not satisfied with the response and referred his complaint to this Service.

One of our Investigators considered the complaint, but he didn't recommend that it be upheld. He explained that each application is considered on its individual facts and he was satisfied that Leeds had applied its lending criteria as it would to any other applicant – on their current circumstances. He was also not persuaded that Leeds had discriminated against Mr H.

Mr H didn't think the Investigator's conclusions were right. He said that if all mortgage lenders had the same policy as Leeds, he would be unable to get a mortgage purely because of his job. He said that it was unfair that he was being treated in a different way to civil servants who did not work overseas.

The Investigator considered Mr H's comments, but they didn't change his conclusions. He explained that each lender will have its own lending criteria based on its appetite for risk. This was something a lender was entitled to decide and apply to all applications made to it. As long as a lender applied the criteria to all applications in the same way, we would not consider it had treated an applicant unfairly because their application had been declined.

Mr H remained unhappy and asked for the complaint to be passed to 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.

I would explain that a lender is entitled to set its own lending criteria based on the risks it is willing to accept. Different lenders can have different policies, and some are more cautious in what they accept than others. This isn't unfair and allows for competition in the market. It

is also worth noting that building societies in general tend to be at the more cautious end of the mortgage market.

I would also confirm that we are not the industry regulator, and we have no power to make a lender change its lending criteria. Nor can I decide what factors it should take into account when assessing the risks it is willing to take. We will take the view that, providing a lender applies its criteria equally to potential borrowers in similar circumstances, it will not have treated them unfairly. The fact that one lender might accept an application from a potential borrower, but another would not, does not mean that the second has acted inappropriately or treated the consumer unfairly.

Leeds has provided its lending criteria, and this confirms that it will only grant residential mortgages to individuals who are, and have been, resident in the UK for at least two years. As Mr H was not living in the UK at the time he approached Leeds, and had not been for many years, I don't consider that it is unreasonable that Leeds told him he was not eligible for a mortgage with it at the time.

My final decision

My decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I am required to ask Mr H to accept or reject my decision before 13 March 2025.

Derry Baxter
Ombudsman