

The complaint

Ms F complains about errors and poor service when she took mortgage advice from London and Country Mortgages Ltd. She says she missed out on lower interest rate products, had to find a larger deposit and was caused significant stress and inconvenience.

What happened

Ms F wanted to buy a property and took mortgage advice from L&C in late 2023. It recommended a lender and a mortgage offer was issued. Ms F withdrew from the purchase on the advice of her solicitor.

Ms F found another property to buy and contacted L&C again in early 2024. L&C's broker recommended she stay with the same lender as this was likely to be quicker than starting an application elsewhere. Ms F says the broker made a number of errors. This included failing to secure an interest rate product before it was withdrawn by the lender and giving the lender incorrect details about the purchase price and loan amount. Ms F missed out on the lower interest rate product. She had to increase her deposit because the mortgage loan was smaller than she'd wanted.

L&C agreed it made errors. It offered to compensate Ms F for the higher interest rate (about £760) and pay £500 compensation for the upset caused. Ms F says this isn't enough for the errors, stress, mis-information and having to find £3,500 extra for the deposit.

Our investigator said L&C's offer to settle the complaint was fair.

Ms F didn't agree and asked that an ombudsman re-consider her complaint.

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.

There's no dispute that L&C made errors. What I need to decide is whether its offer to put matters right is fair and reasonable in the circumstances. In doing so, I've considered the following matters.

Ms F missed out on a lower interest rate product due to delays by L&C. L&C offered to compensate Ms F for the additional interest she will pay over the product term as a result of this. It set out its calculation in its final response. I think this is fair. Ms F says she agrees with this part of L&C's offer.

L&C failed to correct its error with the purchase price and the loan amount in the application, despite Ms F raising this. Ms F told us the broker made numerous errors and she had to contact her many times. This caused Ms F unnecessary stress and inconvenience. Ms F said L&C hadn't told her the lender might ask for additional documents.

These problems continued between mid-February 2024 and late March 2024. In late March 2024, Ms F received a mortgage offer (with the incorrect purchase amount and loan amount)

and a different broker at L&C took over management of her mortgage application.

L&C corrected the purchase price. But asking the lender in late March 2024 to increase the loan amount would have meant submitting a new application. This might have caused delays and Ms F was under pressure from the vendor of the property to progress the purchase. Ms F says she had no choice other than to find the additional money for the deposit.

A new application at this point would also have meant Ms F choosing a product from the rates then available – which were higher than the rate she'd secured. It's possible the lender might not have offered an increased loan amount.

Ms F was able to fund the additional deposit from savings. She didn't, for instance, have to borrow funds at a higher interest rate than the mortgage.

If Ms F hadn't had savings available, she might have had to make a new mortgage application for the higher amount, with the risk of delays to the property purchase. It's fortunate that Ms F was able to fund the larger deposit and so, it seems, L&C's errors didn't delay completion of her property purchase.

Based on the available evidence, I don't think Ms F suffered a financial loss due to paying a larger deposit (rather than taking out a larger mortgage loan). She had to pay the purchase price either from her own funds or from a loan that she will ultimately have to repay. She will pay less mortgage interest overall due to the lower loan amount.

Nonetheless, due to L&C's errors, Ms F didn't have the opportunity to apply for the amount she wanted to borrow and manage her finances as she'd intended.

Ms F said the errors made by L&C were unacceptable. We aren't a regulator, and we don't have the powers of a regulator – for instance to punish or fine businesses. Our remit is to resolve complaints informally, to decide what's fair and reasonable in the circumstances. In doing so, we consider the impact of an error on the customer. This could include financial loss, inconvenience, worry or distress.

Ms F was caused financial loss when she missed out on a lower interest rate product due to delays by L&C. I think L&C's offer to compensate Ms F for the additional interest she will pay as a result is fair and reasonable. I don't think, based on the available evidence, Ms F was caused any other financial loss.

For completeness, I'd add here that while I can require a respondent to add 8% interest to an award I don't think it's fair and reasonable to do so here. Ms F will pay the additional interest over the five year product term. So she will have the benefit of the compensation payment before she incurs most of this cost.

I've thought about what Ms F told us about the errors L&C made and the number of times she contacted it. I can understand how worrying and frustrating this was, over a period of about six weeks. Buying a property and applying for a mortgage can be stressful and time-consuming. Ms F had already had a purchase fall through. She was under pressure from the vendor of the property, who threatened to withdraw if she didn't progress the purchase. While L&C wasn't responsible for all of this, its errors did cause Ms F additional worry, stress and inconvenience. I think £500 compensation is fair and reasonable for this additional worry, upset and inconvenience.

My final decision

My decision is that London and Country Mortgages Ltd should pay compensation to Ms F for

the additional interest she will pay over the product term plus £500 for the upset caused, as it offered to do (unless of course it has already made the payment).

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms F to accept or reject my decision before 20 March 2025.

Ruth Stevenson
Ombudsman