

## **The complaint**

Mr and Mrs F complain about a re-mortgage application they arranged with London and Country Mortgages Ltd ("L&C").

Mr and Mrs F say that they were carrying out extensive building work on their property, but it wasn't until the day of completion in May 2023 that they were made aware that the mortgage wouldn't complete without the building certificate being signed off.

Mr and Mrs F have said they made the broker aware of the work that was being carried out at the property and they were not told that this could be an issue. The mortgage completed in July 2023 but as a result of the delays, Mr and Mrs F say they've paid approximately £500 in additional interest.

## **What happened**

Mr and Mrs F completed a mortgage application with L&C on 17 April 2023 to repay their existing mortgage with another lender. Their existing mortgage had reached the end of its current interest rate product and was due to move onto the lender's standard variable rate. However, Mr and Mrs F were undertaking building work to the property which was incomplete.

They said that on the day of completion, they were told that a building control certificate would be needed before the lender would release the funds for the mortgage to complete.

Mr and Mrs F said they made L&C aware that they were undertaking a large building project, but it was never mentioned to them that a building control certificate would be needed and because they didn't have this at the time, it delayed their completion.

L&C issued a final response on the matter and they didn't uphold the complaint. They said that on a call with Mrs F on 31 March 2023, the adviser told Mrs F that the property would need to be deemed as habitable after a conversation about them not having a kitchen in place at that time. L&C said that on that call, Mrs F said the kitchen would be in place within a couple of weeks.

L&C also said that the lender instructed a valuation which was carried out and the lender then issued a mortgage offer. They confirmed that they are not responsible for the legal part of the process.

Mr and Mrs F brought their complaint to the Financial Ombudsman Service where it was looked at by one of our investigators. He didn't uphold the complaint and agreed that the legal part of the process wasn't the responsibility of L&C. He also said that the question answered on the application didn't highlight that major work was being undertaken at the property. The investigator also reiterated a point that L&C mentioned which was that the lender had told them this part of the process was to meet local council requirements and discretion could be that of the local council.

Mr and Mrs F didn't agree with the investigator. They made the following comments:

- They would like the ombudsman to look at this, specifically the bit about the council as it's the first they heard of it.
- They didn't complete an online form but responded to an email from L&C.

- During the call with the adviser, they were clear that they were undergoing a large renovation.
- Mrs F sent an email to the adviser letting him know they were currently undergoing a massive renovation project so time was limited – which confirms they were aware.

As Mr and Mrs F didn't agree, the case has been passed to me to decide.

### **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.

Our service has already issued a final decision dated 27 September 2024 which was about the lender and we didn't uphold this complaint. This complaint is purely about the actions of the broker – L&C so I will not be commenting on any aspect of the complaint in regards to the lender.

The crux of the issue here is that Mr and Mrs F believe that L&C should have made them aware that a building control certificate would be needed because Mr and Mrs F had made it clear to L&C that they were undergoing major development work to the property.

I've listened to the initial telephone call that Mrs F had with an adviser at L&C where a discussion about the remortgage took place. When they were discussing the property, Mrs F, in relation to their outgoings explained they didn't have a kitchen so they were spending more money at the moment eating out. Mrs F also said they had a bathroom at the property.

The adviser asked Mrs F when the kitchen would be finished and Mrs F said it would be in the next couple of weeks. The adviser explained that when the valuer inspects the property, it would need to be deemed as habitable otherwise they may want to visit again to make sure that it was.

I think based on this, the adviser has given clear information to Mrs F that the valuer would want to ensure the property was suitable and deemed habitable in order for the lender to grant a mortgage offer.

The mortgage application was submitted on 17 April 2023 and the valuation was carried out on 17 May 2023. The lender issued the mortgage offer on the same day. A revised mortgage offer was issued on 27 June 2023 to correct one of the borrowers' names. And on 27 June 2023, the solicitors acting for the lender stated that they had only been provided with partial building regulations documentation, but the work on the property might take a few weeks before the final certificate was available.

The certificate was sent to the lender on 19 July 2023 and the valuer confirmed it was satisfactory on 23 July 2023. The mortgage then completed on 24 July 2023.

The issue that Mr and Mrs F have is that the mortgage rate with their existing lender had already expired so they were paying the standard variable rate, so they believe these delays have meant they have paid more interest than they otherwise would have had to pay.

I've thought carefully about the role that L&C would have played in this. Their role was to advise Mr and Mrs F on a mortgage that was suitable for their needs, and place the application with an appropriate lender. On the call on 31 March 2023 with Mrs F, the adviser did explain that the property would need to be habitable in order for the lender to issue a mortgage offer – which they did. I'm not able to comment on what the lender did or didn't do here as we have already decided on that complaint.

The application form that was submitted has a question which asked:

*'Is the property under reconstruction or major development (or due to be)?'*

This question was answered 'no'.

Mr and Mrs F say they didn't answer this question and never completed an online application form. I have taken a look at the information that L&C have sent to us and they have explained that if their adviser had completed this on Mr and Mrs F's behalf, it would have the advisers name next to the question. They sent a screen shot showing an example of when this did and didn't happen. I am not persuaded that Mr and Mrs F didn't answer this question. But even if I was, I don't think this makes a difference.

It's not the responsibility of L&C to get involved in the legal side of things and this is what the solicitor is for. L&C recommended a mortgage and a lender that was suitable for Mr and Mrs F and that is the extent of their dealings in the matter. Once a mortgage offer is issued, it's up to the solicitor to deal with the legal aspect and to ensure they satisfy the lender's requirements. L&C have no part to play in the legal process.

In regard to the council comment made by L&C and the fact that the investigator mentioned this in their view, this was something that L&C had already mentioned to Mr and Mrs F in a letter they sent them. This may be correct in that sign off depends on the council, but this point is a little irrelevant. The bottom line here is that the solicitor is responsible for ensuring that the property meets all requirements from a legal perspective before completion is allowed to take place. As I've already mentioned, L&C had no part to play in this. I wouldn't expect L&C to be aware of any potential requirements ahead of the legal process taking place.

I know that Mr and Mrs F will be disappointed with my decision, but I don't think that L&C have acted unreasonably here.

### **My final decision**

For the reasons given above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr F and Mrs F to accept or reject my decision before 11 April 2025.

Maria Drury  
**Ombudsman**