

The complaint

Mr N complains that Legal & General Home Finance Limited, trading as Legal & General Home Finance (L&G), wouldn't allow him to port his lifetime mortgage to another property.

What happened

Mr N took out a lifetime mortgage with L&G in early 2021. He borrowed £130,000 at a fixed interest rate of 2.76%. The mortgage could be ported, or transferred, to another property subject to L&G's lending criteria at the time of the porting application.

In November 2023 Mr N applied to port the mortgage to a property he already owned. L&G agreed to this, subject to the property being Mr N's main residence, which he confirmed it would be. Mr N paid valuation and administration fees, and L&G instructed a valuation.

In February 2024 L&G said it wouldn't lend against the property because it's in a high-risk flood area and therefore outside its lending policy. It said it should have identified this before instructing a valuation, so it would refund the valuation and administration fees Mr N had paid.

Mr N questioned L&G's decision and the data it had relied on, and he made a complaint. He said that the property is hundreds of years old, it has been owned by his family for many years, and it has never flooded.

L&G said it had relied on a flood risk assessment and its underwriters had reviewed Mr N's case, and it still wasn't prepared to lend against the property. It also said that no early repayment charges would be payable if Mr N were to repay the mortgage at around the time of its final response in April 2024 because of gilt rates, although those rates change daily. As well as the refund of fees it had already offered, it offered Mr N £500 compensation for misleading him into understanding he could port his mortgage to the property in question, even though the flood risk information had been available to it at the time.

In September 2024 Mr N sold the property the mortgage was secured against and redeemed the mortgage. He referred his complaint to the Financial Ombudsman Service. He said that the interest rate on a new lifetime mortgage would be much higher than the rate he had on the redeemed L&G mortgage, so he would like either the same terms as before or significant compensation.

Our Investigator said that L&G had done nothing wrong in deciding not to lend and it had made a fair offer of compensation. Mr N didn't accept that conclusion and asked for an Ombudsman's review. He considered that L&G had been unfair to disregard the evidence he had provided about the risk of tidal flooding.

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 very sorry to read about the circumstances which led to Mr N deciding to move back to the property he left in 2021. I've carefully considered everything he has said and the information he has provided about why he considers L&G's decision not to lend against the property is unfair, alongside everything L&G has said and provided. Having done so, I find I can't fairly uphold this complaint.

The mortgage offer and terms and conditions said that Mr N's mortgage could be transferred to another property if the new property was acceptable to L&G and met its lending criteria. L&G was entitled to decide for itself whether it was prepared to lend against the property. It had to make its decision fairly and reasonably, and I think it did that.

In making its decision L&G relied on the professional opinion of a third party, details of which it has provided to Mr N. It used a third party system which provided a flood risk score taking account of various flood data and forecasts. I think it was reasonable for L&G to use this system and to rely on the information it provided, and I can understand why L&G was concerned about the risk of flooding – flooding may affect the value of its security. L&G's underwriters reviewed Mr N's application when he raised concerns about its decision, and I think that was reasonable as well.

The system L&G used said that Mr N's property was at high risk of flooding. L&G's policy, which I've seen, said that L&G wouldn't lend on properties with a flood risk score at or above the score returned on Mr N's property. Mr N disputes the validity of the data used in the flood risk assessment L&G obtained, given his own knowledge of the property and the data he has obtained about tidal levels over more than the last 20 years.

Mr N is relying on one set of data and L&G on another. It's not for me to say that one set of data is right and the other is not, not least because they take into account different things. I do need to decide whether L&G was reasonable to rely on the information it did in making its lending decision. I'm satisfied that it was.

There was never any guarantee that L&G would accept another property as suitable security for Mr N's mortgage and I don't find that it treated Mr N unfairly in deciding not to lend against the property he was moving to. It carried out relevant checks and has shown that the property didn't meet its lending criteria. It has refunded the valuation and administration fees Mr N paid and it has offered him £500 compensation. I think that's fair and reasonable in all the circumstances in recognition of Mr N's disappointment and the inconvenience he was put to which could have been avoided. I leave it to Mr N to decide whether he now wishes to accept that.

My final decision

My final decision is that Legal & General Home Finance Limited, trading as Legal & General Home Finance, has made a fair offer. It should pay Mr N £500 compensation in full and final settlement of this complaint if he accepts this decision and if it hasn't done so already.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr N to accept or reject my decision before 26 September 2025.

Janet Millington
Ombudsman