

The complaint

Miss M complains that London and Country Mortgages Ltd (L&C) misinformed her and caused delays, resulting in her mortgage going on to her lender's standard variable rate.

What happened

Miss M was advised by L&C (a mortgage broker) in relation to her residential mortgage in March 2020. At that time, she took a fixed rate mortgage. And the fixed rate was due to expire on 31 January 2025, meaning, if she took no action, her mortgage interest would subsequently be chargeable at the lender's standard variable rate.

L&C initially wrote to Miss M in June 2024 to inform her the fixed rate was coming to an end. It made several unsuccessful calls to her during August, September and October 2024 until Miss M requested a call from it on 25 November 2024.

There were a number of conversations between Miss M and L&C and, on 29 January 2025, Miss M provided L&C with estimates for home improvements she wanted funding for via additional borrowing on her mortgage. And then, on L&C's request she provided a copy of her credit file on 30 January 2025. On the same day L&C informed Miss M it would only advise her to borrow the same amount as was on her current mortgage.

By that time, Miss M's current mortgage was due to move to the lender's standard variable rate. So, L&C told Miss M to contact the existing lender to check if it would switch her mortgage to a new interest rate product. She did so and was told any such switch wouldn't complete until March 2025.

Miss M says L&C should have told her how long the process would take much sooner, and it shouldn't have asked her to waste time obtaining quotes for home improvements. She approached a different broker on 30 January 2025, and it was able to provide her with a mortgage offer on 4 February 2025. So, she complained to L&C.

In its final response letter dated 20 February 2025, L&C said it didn't uphold Miss M's complaint. It said it wrote to her in June 2024, stressing the importance of arranging a remortgage early. It explained that, as part of its recommendation it needed to understand and be able to show prospective lenders the need for additional borrowing. And during that process it became concerned about the authenticity of Miss M's claim that she wanted additional borrowing for home improvement, when she'd initially said it was for debt consolidation. L&C said it had to ensure the reasons for additional borrowing stated on application forms were genuine to satisfy its requirement with regulators and to protect its reputation with lenders.

L&C also said it made it clear in its call with Miss M on 11 December 2024 that her application was "*struggling on affordability*," but she pushed for further borrowing nonetheless. L&C said it had difficulty making contact with Miss M in the latter half of December 2024 and told her on 10 January 2025 she should provide quotes for the home improvement work, thinking they would be readily available. But Miss M didn't provide the quotes until 29 January 2025.

Miss M didn't agree. She said she wasn't told an application for a new mortgage rate was likely to take six to eight weeks until 30 January 2025. She said, if she'd been told that on 10 December 2024 she would have acted more quickly. Miss M said she would have dropped the request for additional borrowing in favour of getting a new mortgage product sooner. She also said her new broker was able to give her and answer on capital raising and a new mortgage product within three hours. Miss M asked this Service to consider her complaint.

Following an investigation, our investigator didn't uphold Miss M's complaint. Our investigator thought L&C treated Miss M's application with appropriate urgency, and it was reasonable for L&C to assume further borrowing was a priority for Miss M, given its conversations with her. And she said, as Miss M's application via another mortgage broker did not include further borrowing, it wasn't a fair comparison to Miss M's enquiries with L&C.

Miss M didn't agree. She said it should have been clear to L&C that her priority was to avoid her lender's standard variable rate being applied to her mortgage. And she says L&C told her in January 2025 that further borrowing was possible and all she needed to do was provide quotes for the home improvement work "*as soon as possible*," with no specific deadline given. Miss M maintained that the core issue is that L&C did not tell her a new mortgage application would take six to eight weeks.

As Miss M disagreed with our investigator, her complaint has been passed to me for a decision.

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.

To decide Miss M's complaint, I've thought about whether L&C dealt with Miss M fairly and reasonably with regard to her mortgage as her existing fixed rate was coming to an end.

Firstly, I've seen that, in writing to Miss M in June 2024, L&C put Miss M on notice that her rate was coming to an end and that, if she did not address the matter, the lender's standard variable rate would be applied to her mortgage. That letter suggested she "*act now*" because mortgage lenders are currently busy and "*if you leave your mortgage search to the last minute, there are no guarantees that your switch will be done in time for your end date.*"

L&C was not required to do that. And it wasn't required to attempt the five follow-up calls during August, September and October of 2024. But, while I've seen that L&C did more than it was required to in bringing the matter to Miss M's attention, I'd still expect that it handle Miss M's eventual enquiry fairly and reasonably when and after it was made.

Miss M's first conversation with L&C's mortgage adviser was on 10 December 2024. During that call Miss M stated that her current mortgage deal came to an end on 31 January 2025. And she asked if she was able to borrow more. When asked the reason for the further borrowing, Miss M said she wanted to pay off debts to reduce outgoings. The adviser said, in terms of affordability "*we might be struggling slightly on that.*" The adviser said debt consolidation would always be considered high risk and Miss M asked whether it would be better to say home improvements. The adviser confirmed that "*it would need to be the honest reason for what you're looking to capital raise for.*" Miss M said she also wanted to make home improvements with a view to selling the property. Miss M asked for between £20,000 and £30,000 further borrowing and asked the adviser if he thought that would be possible. He said he didn't know and would have to run affordability calculations.

In the next call, on 11 December 2024, the adviser said he didn't think he'd be able to get any further borrowing, based on affordability. Miss M asked if she could get an additional £5,000, but the adviser said he wouldn't be able to get any additional amount. Miss M said that she'd proceed on the same amount as was currently outstanding and they agreed a time to discuss the application the following day.

On 12 December 2024 there was a series of emails between Miss M and the adviser. Miss M said she felt "*really disappointed that I can't release even £5,000 of equity, as this would really help with my monthly affordability in terms of outgoings.*" She went on to give examples of where her partner contributed to her financial commitments and how she had other income (child benefit). The adviser asked her to detail what she needed the additional borrowing for. Miss M responded saying she wanted to make some home improvements to increase the value of the property. The adviser asked Miss M if she was free to discuss the matter further next week and had what appears to have been a cut short call on 16 December 2024. But then he made a number of unsuccessful attempts, on 16, 17, 18 and 19 December 2024, to call Miss M.

Miss M next contacted L&C on 10 January 2025 and the adviser called her on the same day. The adviser said they wouldn't be able to make an application to raise money for debt consolidation but can for home improvements subject to a detailed breakdown for the costings of the work. Miss S asked a number of questions about available rates and extending the term and the adviser said he'd discuss that further on receipt of the costings of the work.

On 29 January 2025 Miss M emailed L&C with quotes for the work she proposed. And she said she wanted to provide quotes for further work and asked what the latest date was that she could submit those and still change her mortgage interest rate to coincide with the end of her current interest rate product – which she stated was 31 January 2025. The adviser emailed Miss M to request a full credit report.

Miss M provided her credit file on 30 January 2025. And in a telephone conversation that day she agreed with the adviser that they would proceed with a view to borrowing an additional £20,000 for home improvements and over the longest term possible. The adviser said, given the lateness of any application she would spend some time on her lender's standard variable rate. And, had she contacted her existing lender to see what it could do? Miss M made an enquiry to her current lender and found it would also not be able to put a new interest rate in place in time to avoid the standard variable rate being applied to her mortgage. She then complained to L&C.

I've given careful consideration to all the call recordings I've listened to along with the timeline involved. Having done so, I can understand why Miss M feels aggrieved. I think she's correct when she says L&C didn't tell her how long an application may take, and I would understand if she felt there was a lack of urgency from L&C.

However, L&C wasn't obliged to tell her how long an application may take. And that is something that would vary considerably between lenders. Right up until the point Miss M complained, a lender still hadn't been established so it wouldn't have been possible to say with any degree of certainty how long an application would take. And I'm mindful, as I've already said, that L&C contacted Miss M in June 2024, urging her to take action. I also didn't hear Miss M ask about timescales during any conversation with the adviser, though it is clear that she knew the date her current rate ended.

I've given a lot of thought to why there wasn't much progress on Miss M's application between 10 December 2024 and 30 January 2025. As I've said, a lender hadn't been

selected by 30 January 2025. In doing so, it's clear to me that the issue of further borrowing was a major factor in the lack of progress made. From the calls I listened to, I would deduce that Miss M wanted additional borrowing for debt consolidation rather than for home improvements. And I understand why her change of mind so quickly on that point may not have been persuasive to the adviser. It's clear that he had concerns, as L&C's internal records show that he contacted a compliance colleague for guidance. I think it's reasonable under those circumstances that the adviser proceeded with some caution. I say that because a mortgage adviser is obliged both to give suitable advice to a borrower and provide accurate information to a lender. And those obligations are more onerous than a need to avoid standard variable rate interest being applied to a mortgage – though I do accept the importance of that to Miss M.

From the timeline I've pieced together, it's also clear that a significant contributor to the application's lack of progress were the times between 16 December 2024 and 10 January 2025, when there was no response from Miss M; and between 10 January 2025 and 29 January 2025, when Miss M was collating quotes for home improvements. So, I've seen that, had an application ran smoothly from the point at which Miss M initially contacted L&C, she should have been able to avoid her lender's standard variable rate. But I'm not persuaded she would have done, factoring in the delays that were out of L&C's control and Miss M's persistence for further borrowing.

While I think L&C could have shown more urgency, I understand its caution and I think its actions mirrored Miss M's apparent lack of urgency. I say that because, from all of the conversations between the two parties, I think it would have been reasonable for L&C to assume further borrowing was more important to Miss M than avoiding the standard variable rate.

On balance, while I do understand Miss M's frustration, I think L&C handled Miss M's mortgage enquiry fairly and reasonably under the circumstances. And I don't think L&C caused her to not make her application in time to avoid her lender's standard variable rate. So, I don't uphold her complaint.

My final decision

My final decision is I don't uphold Miss M's complaint about London and Country Mortgages Ltd.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss M to accept or reject my decision before 14 November 2025.

Gavin Cook
Ombudsman