

The complaint

Mr A's complaint is about the lifetime mortgage he has with Pure Retirement Limited. He is unhappy about Pure's handling of the application he made for further borrowing to complete extension works to his property.

The mortgage was taken with a different lender initially, but it was transferred to Pure on 27 November 2023 and for ease, I will refer to Pure throughout this document.

What happened

Mr A took out his lifetime mortgage in 2018. In 2020 he informed Pure that he was extending the property and needed to borrow more to partially fund the works. He was granted a further advance. He contacted Pure again in 2022 and 2023 to ask for further advances to complete the works on the property. He was given additional funds, but not as much as he had asked for each time. Mr A raised concerns about the valuations and the service he received each time. Pure issued final response letters in the autumn of 2022 and 2023. It didn't uphold the complaints.

Mr A contacted Pure in January 2024 to inform it that he needed another £35,000 to complete the works to his home. He applied for a further advance of £60,000. Initially Pure turned down the application as the valuation said the property was not suitable security for Pure, due to Pure's lending criteria. In addition, Mr A was at Pure's maximum age for lending. However, when more information was subsequently provided, Pure decided that it was willing to lend Mr A further funds to complete the works to his home.

However, Pure had some concerns about the amount Mr A wanted to borrow. This was because when Mr A first approached it, he had said he needed £35,000 to complete the works, but he then wanted to borrow £60,000. A quote, dated 13 March 2024, was provided from Mr A's builder for approximately £53,000 including VAT. The quote itemised the works to be done numerically and detailed individual costs for each.

Pure considered releasing the advance in tranches as works were completed. As such, it asked Mr A's broker to obtain a costed schedule of works for what would be the first tranche of works. The first response received on 11 July 2024 was for items one to five items from the March quote. The cost for the works was detailed as approximately 11% higher than it had been in the original quote from four months earlier. While the builder provided another schedule, which detailed the costs as only around £250 more than the original quote, Pure was then concerned about the mismatch and decided it was not willing to advance the money Mr A needed as a further advance.

However, Pure looked at other options to limit the potential risks to it and Mr A. This initially involved it considering putting in place Law of Property Act (LPA) receivers to arrange completion of the works. If the works were done in this way, the costs incurred would be added to the existing mortgage balance.

Mr A was not happy with Pure's decision and complained. Pure responded to Mr A's concerns in a letter of 8 October 2024. It said that it had received a number of inconsistent

quotes for the work Mr A had asked to borrow the money to complete. It explained that it had concluded the level of risk associated with the mortgage meant that it was appropriate for it to appoint LPA receivers to arrange for the necessary works to be completed. Pure also explained that until the property was finished, it would not comply with the required standard for security properties, and Mr A would be in breach of the terms and conditions. This would also mean that the money would not be paid out as a separate further advance, but rather as costs that would be added to the existing mortgage balance.

Pure actually looked into using both LPA receivers and a property management company to assist with the situation, but neither business was able to do so due to where Mr A's property was located and a lack of contractors. Pure, therefore, told Mr A that it wouldn't lend him more money and was giving him time to find alternative funding for the works before it took any further action due to the property being in breach of the terms and conditions (as it wasn't habitable). Pure also highlighted that Mr A would again be in breach of the mortgage terms and conditions if he built the additional property on the site that he had applied for planning permission for.

After further correspondence on the matter, Mr A referred his complaint to this Service. One of our Investigators considered the complaint, but he didn't recommend that it be upheld. However, he suggested that Mr A might want to discuss the possibility of a staged release of funds with Pure as a way forward.

Mr A didn't accept the Investigator's conclusions because:

- Pure accepted the previous lender's lending policy upon transfer of the mortgage. He was assured that the lending practices would be honoured by Pure. Pure has failed to do that.
- Pure acted in bad faith when it withdrew the offer of a further advance. He considers this decision was '*based upon a dubious arrangement with* [the LPA receivers]'. Mr A said he believed the decision was not made by Pure, but rather the LPA receivers and it was a case of an ambitious property manager exceeding its responsibilities by resorting to deceitful practices.
- There has only ever been one quote for the work needed. This was given to Pure in March 2024.
- He had not declined a staged payment proposal.
- His borrowing pattern was set by the previous lender and was expected to continue. There was never a legitimate business decision to alter the nature of an agreed further advance.
- Pure did not act fairly in not giving Mr A prior warning of its intention to appoint the LPA receivers. There was never a need to do so as there was already a contract in place with a builder.
- He has received three final demand letters.
- Pure changed its decision for unspecified reasons that are more to do with the ambitions of a property manager rather than Pure acting responsibly.

The Investigator considered Mr A's comments, but he was not persuaded to change his conclusions. Mr A remained unhappy and asked that the complaint be passed to an Ombudsman. He said that the financial system needed root and branch reform, especially in the mortgage sector, and that this Service needs to be given powers to make over-riding decisions in all cases that are referred to us. Otherwise, we are of no benefit to anyone.

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 appreciate Mr A's strength of feeling regarding this complaint. I would like to assure him that I have read and considered everything he's told us. I trust he won't take it as a discourtesy that I have condensed this complaint in the way that I have. Although I have read and considered the whole file, I will keep my comments to what I think is relevant. If I don't comment on any specific point, it's not because I haven't considered it but because I don't think I need to comment on it in order to reach the right outcome. This Service is impartial between, and independent from, consumers and businesses. What this means is that we don't represent either party and we look at things independently without taking sides.

I understand the Investigator's findings were disappointing. It's the nature of what we do that we generally have to find in favour of one party or the other. Our findings are based on consideration of all the facts and all the submissions made by both parties. We look at what happened and decide whether, bearing in mind any relevant law, regulations, and good industry practice, the lender acted fairly and reasonably.

Mr A has indicated that he believes that if his mortgage had still been with the original lender, it would have lent him the money he wanted. I would initially say that no-one is entitled to borrow money, even in the situation where they have borrowed before. All applications will be considered individually, based on a lender's criteria for what risks it is willing to accept at that time. I would also confirm that lenders will alter their lending criteria over time to reflect changes in the mortgage and property markets, and any changes to the lender's appetite for risk. So, while an application may be acceptable to a lender at a particular point in time, there is no guarantee that if it was made at another time, it would be, and vice versa.

While Mr A thinks that Pure should have applied the lending criteria the previous lender had in place before the mortgage was transferred. That is not the case. While we would not expect a lender to make significant changes to the terms and conditions of a mortgage when it is transferred to it, it is expected that it will apply its own lending criteria if new borrowing is requested in the future. Furthermore, even if Pure had applied the previous lender's criteria to the application, it doesn't mean that the lending would have been agreed.

I have carefully considered what happened in this case. Pure didn't need to lend to Mr A when the new borrowing didn't meet its criteria. However, in order to help where Mr A would be in a difficult position if it did not lend, it decided in principle to do so, but the inconsistency from Mr A's initial report of costs, the application and the quote raised concerns. Pure not unreasonably explored those concerns and decided that if it was to lend, it would want to do so in tranches to ensure that the works were being completed. In light of this, Pure asked that Mr A's builder provide a schedule for the first tranche of works that would be done. The builder did so twice in July 2024, and produced two different figures for the same work, both of which were higher than its quote from around four months earlier. While costs can vary over time, an increase of 11% in one of the schedules is significant in just a few months. This raised further concerns about the risks to both Pure and Mr A of the further lending. Pure decided that the risks the further advance represented were higher than it was willing to accept. While I know that Mr A won't agree, I am not persuaded that this decision was unreasonable.

However, Pure still wanted to assist Mr A and put forward the concept of a third party it appointed to project manage the remaining works needed to complete the extension, the costs of which would be added to the mortgage balance. Pure didn't have to do this and I can only consider that it trying to do so would be considered it treating Mr A fairly. The first option of Pure appointing an LPA receiver to manage the remainder of the build was explored, but the LPA declined the commission for logistical reasons. Pure then looked into

another option to complete the works on the house, but again the commission was declined for the same logistical reasons.

Pure's overall concerns about further lending were also compounded in the autumn of 2024 when it discovered that Mr A had applied for planning permission to build another substantial property in the grounds of his home. It was at this point that Pure decided that it was unable to assist Mr A further.

Pure made the decision that further lending to Mr A was outside of its risk appetite and lending criteria, which is a decision it was entitled to make. I am not persuaded that Pure's decision was unreasonable or unfair in the circumstances.

Mr A has commented that he was not told specific reasons for Pure's decision and this has led him to think the decision was actually made by the LPA receivers. A lender doesn't need to provide an explanation when it declines an application. When it comes to its lending criteria and risk assessments, that information is often commercially sensitive and so there is nothing wrong with it not disclosing details to a borrower. However, I can assure Mr A that the decision not to lend to him was not made by the LPA receivers, although the fact that Pure was unable to find resource to manage the remaining works on Mr A's property was a factor in Pure's ultimate decision.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I am required to ask Mr A to accept or reject my decision before 14 January 2026.

Derry Baxter
Ombudsman