

The complaint

Ms B complains that LONDON & COUNTRY MORTGAGES LIMITED didn't deal with a mortgage application properly, resulting in her ending up with a higher interest rate than she could have taken.

What happened

In May 2025 Ms B asked L&C to advise on and arrange a new mortgage for her. She wanted to complete a re-mortgage before her previous fixed rate expired on 30 June.

L&C submitted an application to the lender it recommended. There were various discussions with L&C dealing with requests for information from the lender. On 19 June, L&C told Ms B that the lender had declined her application, and that it wouldn't be able to assist her any further.

Ms B contacted the lender. She says the lender told her that it had declined her application because of a discrepancy in the application – the bank account details she had provided showed that her bank account was registered to her parents' address rather than her own. She says that the lender told her that the application could be resubmitted and it would reconsider it. Ms B says that she told L&C this and asked it to resubmit the application, but L&C refused to do so.

Ms B complained. She said L&C had failed to keep her up to date with the progress of her application and she couldn't view it through its online platform. She had to chase for updates and L&C hadn't returned her calls. Her adviser left the company, but L&C didn't tell her and the new adviser didn't get in touch. L&C didn't tell her the application had been declined until some time after the decision was made. It ignored her request to resubmit the application with proof of address, as advised by the lender. As a result, she had to accept a less competitive interest rate with her existing lender. This will cost her around £200 per month for the duration of the two year fixed rate she ended up taking. She also now has a declined application on her credit file. The whole experience was very time consuming and stressful.

L&C accepted that it had delayed in giving Ms B the outcome of the application. It said this was because it was trying to see whether it could give Ms B more information than just telling her it had been declined. But it accepted it could have told Ms B sooner. It said the lender had told L&C that the application had been declined because it was outside the lender's risk appetite and the lender would not consider an appeal. So it couldn't resubmit the application. And it didn't want to submit an application to another lender that might not be successful and leave another search on Ms B's credit file. It offered £50 compensation for the delay in telling Ms B the outcome.

Our investigator said that L&C was told by the lender that the application had been declined on 11 June but it didn't tell Ms B until 19 June. She said that L&C should have told Ms B about the decline sooner. She didn't think Ms B would have been able to avoid going on to her old lender's rate, because even 11 June was likely to be insufficient time for a new mortgage application to be made and completed before 30 June. She said that the address issue wasn't the only reason the lender refused the application and it wasn't unreasonable

that L&C declined to act for Ms B any further. But she said that Ms B had been regularly asking for updates and that L&C's customer service could have been better. She said it should increase the offer of compensation to £150.

L&C accepted that. But Ms B didn't. She said that L&C's failure had caused her financial loss for the duration of her new interest rate. The delay in telling her the outcome meant she was unable to apply to another lender in time.

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.

Having done so, I agree with the outcome the investigator reached. I'll explain why.

L&C agreed to submit a mortgage application for Ms B. It did so. When the lender declined the application, in my view and acting fairly it ought to have told Ms B that straightaway so that she could make a decision about what to do next – especially given that it was only a short time until her existing fixed rate expired.

I've considered what L&C has said about the reasons for the delay in telling Ms B. I understand what it said and I don't think what it was doing in this period was unreasonable. But even if it couldn't tell Ms B why the application had been declined immediately, it could still have told her that it had been declined. This would have given Ms B more time to decide what to do.

I do think, for that reason, L&C could have provided Ms B with better customer service. She was clearly worried about her mortgage and was concerned about the progress of the application, having failed to get updates from L&C. I agree that it's reasonable that L&C pays her some compensation for the distress and inconvenience this caused.

Putting things right

I don't think it would be fair to require L&C to compensate Ms B for any financial loss. I don't think I can reasonably say that it's more likely than not that Ms B would have secured an alternative mortgage even if she had known of the decline on 11 June not 19 June. In my experience it's very unlikely that an application to a new lender would go from initial application to completion in less than three weeks. And given that this mortgage application was declined, I don't think I can find it's more likely than not that another application to a different lender would have been accepted; other lenders might well have declined an application for the same reasons this one did.

For that reason, I don't think I can safely find that it's more likely than not that, if L&C had told Ms B the outcome on 11 June, she would have been able to secure an alternative mortgage. On balance, I don't think that's likely. And therefore I don't think there is any financial loss for which L&C should be required to compensate her. I appreciate Ms B says she lost the opportunity to try. But I can only make an award for financial loss where I'm satisfied that there actually was loss, and in this case I'm not persuaded of that.

I also don't think it was unreasonable that L&C decided not to resubmit the application or apply to another lender. I've noted what Ms B says the lender told her, though I haven't seen evidence of that directly from the lender. But I have seen evidence from L&C that shows that the address issue was not the only reason for the decline. The application fell outside the lender's risk appetite more generally, and it wasn't prepared to reconsider. That was a decision the lender was entitled to make; no lender is ever required to lend or to grant every

application. I think it was reasonable for L&C to conclude that it couldn't re-apply to this lender and that there was a real risk that other lenders would also refuse applications – so it wouldn't be in anyone's interests for it to submit other applications which would potentially lead to further costs and further credit searches for Ms B.

I think it was always the most likely outcome that Ms B would end up staying with her existing lender and taking that lender's new rate. That's what actually happened. So L&C didn't cause Ms B any financial loss. But at a time when it knew Ms B was worried about her application and trying to get updates, it didn't tell her the outcome as soon as it could have. That caused her additional unnecessary distress and inconvenience, albeit over a relatively short period of a few days. In the circumstances, I agree £150 is fair compensation.

My final decision

My final decision is that LONDON & COUNTRY MORTGAGES LIMITED should increase its offer of compensation to £150.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms B to accept or reject my decision before 13 April 2026.

Simon Pugh
Ombudsman