

## **complaint**

Miss P complains about how London and Country Mortgages Ltd (L&C) handled a mortgage application made on her behalf.

## **background**

Miss P owned a property that her father and his partner lived in. It was mortgaged to a lender I'll call L. Her father decided to downsize so Miss P applied to L to port the mortgage to a new property. Miss P already owned two properties outright (one she lived in and one her mother lived in), and two others with buy to let mortgages. The plan was to re-mortgage her father's old property to a buy to let mortgage to raise funds to buy the new one, alongside the ported mortgage.

L told her that it would only be able to accept an application made by a broker, so Miss P went to L&C. She spoke to an adviser who took information about her needs and circumstances and recommended a mortgage with L.

The mortgage application took some time to go through and there were issues with the property Miss P wanted to buy as a result. There were delays on the part of both L and L&C. Eventually L agreed to Miss P porting her mortgage and issued an offer – but only on the condition that she sold her father's old property rather than keeping it and renting it out. When that wasn't possible, the mortgage application fell through.

Miss P complained to both L and L&C. L offered her compensation totalling £1,500 (including the refund of some fees, as well as compensation for trouble and upset). Miss P accepted our investigator's view that this was fair. And in this complaint, our investigator said that L&C should increase its initial offer of £50 compensation to £500, and refund the fees Miss P paid to her solicitor on its recommendation that she could go ahead. L&C accepted that, but Miss P didn't. She also wanted it to cover the costs of furniture her father had disposed of in the expectation of moving house but then had to replace, as well as the disposal costs. As no agreement could be reached, the case comes to me for a decision to be made.

## **my findings**

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

It's not in dispute here that L&C made mistakes, and has to put them right. The question I have to decide is what it fairly needs to do now to settle the matter.

L&C delayed in submitting the mortgage application to L. And the application it submitted was incomplete – it didn't include all the properties Miss P owned, even though she'd given it full information from the start. And the total from the buy to let mortgage (which L&C was also arranging) and this mortgage wouldn't be enough to buy the new property even if all went smoothly. All this caused – in the context of trying to progress her father's move under some time pressure – substantial trouble and upset to Miss P. Our investigator recommended £500 compensation, which L&C accepted. Having considered all the circumstances, I think that's fair.

Miss P points to the £1,500 compensation she received from L. But I don't think that means she should fairly get the same from L&C. That figure included the refund of some fees. And I need to think about the overall impact of what happened and the impact of that on Miss P, and then bear in mind that she's already been partially compensated by L. I think the offer of £500 from L&C is fair.

I also think L&C should refund the solicitors' costs, less the £74 refund Miss P has already received, since she was advised by L&C to go ahead and instruct the solicitors before there was a mortgage offer in place.

But I don't think it would be fair to ask L&C to refund the additional costs, for the disposal and replacement of her father's furniture. Miss P and her family decided to incur those costs before a formal mortgage offer was in place, and therefore before they could be sure they'd be able to move. And I can't see that they did so on L&C's advice. So I don't think it's responsible for those costs.

### **my final decision**

For the reasons I've given, my final decision is that I uphold this complaint and direct London & Country Mortgages Ltd to pay Miss P:

- £500 compensation; and
- £251 towards the solicitors' fees.

In addition, London & Country Mortgages Ltd should add simple annual interest of 8%\* to the £251, running from the date Miss P paid the solicitors to the date of refund. And if the £500 is not paid within 28 days of the date we notify London & Country Mortgages Ltd that Miss P has accepted this final decision – if she does – simple annual interest of 8%\* should be added to run from the 29th day to the date of payment.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss P to accept or reject my decision before 16 July 2020.

Simon Pugh  
**ombudsman**

*\* If London & Country Mortgages Ltd considers it should deduct income tax from the 8% interest element of my award it may do so, but should give Miss P the necessary documentation, if she asks for it, so that she can reclaim the tax from HMRC if she's entitled to do so.*