

## **complaint**

Miss T complains that Loan.co.UK Ltd (“LCU”) didn’t treat her fairly or reasonably when dealing with her application for a second mortgage. She wants matters put right.

## **background**

Miss T wanted to buy a piece of land, the price of which was lowered as the seller wanted to sell quickly. Miss T said LCU told her she could get a loan to buy the land within two to three weeks. Miss T said the original proposed lender kept asking for documents; LCU suggested that she applied to another lender who would take a different approach, though the interest rate would be higher. Miss T agreed, but said the whole application took three months.

Miss T was also unhappy about the valuation, which she said valued her property too cheaply and meant the new lender wouldn’t lend her the full amount she wanted. Miss T said this caused her to borrow the rest of the money using an overdraft and use her own money to buy the land; she also said the purchase price increased due to the delay. Miss T blamed LCU for arranging a “drive by” valuation (where the valuer doesn’t enter the property).

Miss T complained to LCU. It agreed that it had told Miss T that the process would take two to three weeks, but LCU said it should’ve explained that this was dependent on the circumstances on each case. In Miss T’s case, there was considerable difficulty in demonstrating her income was as she’d stated which meant that the lender originally recommended had lots of queries. This caused delays, which was why another lender was suggested. LCU pointed out that some delay had also been caused by the lender who had the first mortgage over Miss T’s property not having properly registered the property’s address.

LCU reminded Miss T that a full valuation wasn’t obtained because the valuers were so busy, there would be further significant delay. That was why a “drive by” valuation was obtained. It pointed out that the valuer had said that even if he’d viewed the inside of the property, his valuation wouldn’t have changed due to the location. LCU accepted that it hadn’t dealt with Miss T’s complaint correctly. It offered £350 compensation.

Miss T complained to us. The investigator’s view was that LCU wasn’t responsible for the delays. The lender was able to ask questions, particularly given the discrepancies between Miss T’s declared income and the evidence provided. He said that LCU had tried to speak to various parties, including Miss T, many times to progress matters without success. And the recommendation to change lenders was based on information not available to LCU at the start, and was designed to speed up the application. The investigator noted the second application took three weeks, which was within the original estimate.

The investigator also said that LCU acted fairly in suggesting a “drive by” valuation was arranged, but the contents of the valuation wasn’t something for which it was responsible as the valuer was an independent expert. And he pointed out that Miss T chose to take out the loan and borrow more money from elsewhere. The investigator didn’t think LCU should pay more than the £350 compensation it had already offered for the trouble and upset caused by its complaints handling and the failure to explain that time estimates were only estimates, not a guarantee.

Miss T disagreed. She said LCU knew that she was abroad for part of the time when the application was being made, and didn't say that there were any circumstances when the three week estimate would be incorrect. Miss T said she'd had to pay more for the property due to the delays and was adamant that LCU was to blame for the contents of the valuation. Miss T also said she didn't know about the offer of compensation. The investigator didn't change his view. Miss T accepted the offer, but when the receipt was delayed, she changed her mind. LCU sent Miss T increased compensation of £400. Miss T didn't accept it.

### **my findings**

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. Complaints handling isn't a regulated activity which falls within the jurisdiction of this service, so I won't deal with this issue specifically.

Having considered all the evidence available to me, I think LCU was at fault in that it failed to warn Miss T that the estimate of two to three weeks mightn't be correct as lenders can seek further information or delays could happen for other reasons. It's clear that this failure did cause Miss T trouble and upset, but I don't agree that LCU were responsible for the delays. The income given by Miss T wasn't supported by the evidence which the original proposed lender needed – LCU couldn't have known that when it first gave a time estimate. And while Miss T did tell LCU that she was abroad, it doesn't change the fact that this meant LCU couldn't speak to her to progress matters; this isn't its fault. The same applies to the difficulties it faced contacting others and the issue with the registration of Miss T's property. I think it's more likely than not Miss T realised her application wasn't going to complete within three weeks fairly early on.

When it became clear Miss T was going to struggle to satisfy the original proposed lender, it was fair and reasonable for LCU to suggest an alternative. This application was completed within three weeks, partly because LCU agreed with the second lender that it would accept a "drive by" valuation. This agreement was reached because valuers were so busy, Miss T would've had to wait some time for a physical valuation to be carried out. A "drive by" valuation could be arranged much more quickly. This was perfectly fair and reasonable, particularly as when Miss T was unhappy about the valuation, LCU put her points to the valuer. The valuer explained that a physical viewing wouldn't change his valuation due to the location of the property. Relying on such professional advice isn't unfair or unreasonable.

Miss T blames LCU for having to pay a higher purchase price and borrow the rest of the money needed from elsewhere. But LCU isn't responsible for the delays, and it was Miss T's choice to go ahead in the circumstances. The only failing I've found by LCU was the failure to properly explain its original time estimate. I bore in mind that LCU accepts its complaints handling wasn't good enough and that it should've sent the compensation earlier; I agree. Overall, I think £400 compensation is fair and reasonable in all the circumstances.

**my final decision**

My final decision is that I don't uphold the complaint and leave it up to Miss T whether to accept the £400 offer from Loan.co.UK Ltd. Under the rules of the Financial Ombudsman Service, I'm required to ask Miss T to accept or reject my decision before 4 June 2018.

Claire Sharp  
**ombudsman**