

complaint

Mr T complains that a loan application was declined because of errors made by London and Country Mortgages Ltd. He says this has caused him financial loss and distress. He wants compensation.

background

L & C apologised in its final response for the fact Mr T's loan application was declined by the lender because of inconsistencies in his address keyed in on the loan application. But it said it had correctly noted Mr T's occupation and income in line with the lender's definitions. It confirmed the incorrect information was amended and the lender subsequently confirmed its decision to decline the application. As it had made an error keying in the address it would refund Mr T's £135 application fee as a gesture of goodwill. It later agreed to increase this offer to £185.

Our investigator felt this complaint shouldn't be upheld. He said:

- L & C made an error but the loan application was still declined by the lender after the error was explained. Mr T has been offered a refund of his application and valuation fee and he cannot find that the error caused any financial loss.
- Although this situation would've been stressful for Mr T this isn't significant enough to justify an award of compensation.

Mr T doesn't agree and remains unhappy with the way L & C has handled matters. He says the declined loan has meant the only option open to him was to sell his property. This has caused significant stress and financial loss. And he is stuck paying higher mortgage repayments. He's also paid compound interest on the £135 fee as it was paid by credit card so that loss is now nearer £450. He's suffered stress and financial loss as a result of L & C's negligence. He's worried it isn't facing any consequences for its error and this might happen to other customers. He thinks the lender should've given him the loan. Mr T has asked for an ombudsman review.

my findings

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

L & C accepts it made an error when keying in Mr T's address. And it appears this led to the loan application being declined by the lender a few days later. L & C then contacted the lender to correct the information given which was reasonable. The lender then reconsidered the application and again declined it.

Taking everything into account I've seen nothing to indicate that the loan application would've been accepted by the lender if L & C had keyed in the correct address information from the start. I think on balance that it's most likely the loan application would've been declined, as it subsequently was, even if correct information had been given when the application was first submitted.

Mr T now says he thinks the lender should've given him the loan but that's a matter for the lender not L & C.

Mr T is also concerned L & C isn't facing any consequences for its error and this might happen to other customers. But this service isn't a regulator. We can't fine or punish a business or require it to change its practices and procedures. General issues about how the banking industry works are a matter for the Financial Conduct Authority.

Mr T would like compensation for the stress he's been caused. But as I think his application would've been declined in any event he would've likely experienced the stress of this happening whatever L & C did. And its error didn't significantly increase Mr T's distress or inconvenience. I also note the lender's decision was confirmed quickly, less than two weeks after the initial application was made.

Furthermore all consumers spend some time and experience some additional inconvenience in dealing with a complaint and putting things right. We wouldn't generally recommend they're compensated for this and I'm not persuaded that I can reasonably depart from this approach in this case.

Mr T says he funded the £135 application fee on a credit card and with the compound interest payable this now amounts to £450. But I see L & C offered to refund this to him about two months after his application. Had Mr T accepted this offer then he wouldn't have had to pay more interest on his credit card. Additionally it was Mr T's choice to make this payment on a credit card and not pay the card balance off on time. So, Mr T hasn't mitigated his loss. And I don't think I can fairly ask L & C to pay Mr T £450 for this as he'd like.

Mr T says L & C was negligent but that's a matter only a Court can consider.

L & C has offered to pay Mr T £185 compensation for what happened. Taking everything into account, including the level of awards we make, I think that's fair. And I cannot reasonably ask it to pay any more.

Overall, although I recognise Mr T's frustration I don't see any compelling reason to change the proposed outcome in this case. I simply leave it to him to decide, if he hasn't already done so, whether he now wishes to accept L & C's offer.

my final decision

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr T to accept or reject my decision before 16 September 2019.

Stephen Cooper
ombudsman