

complaint

Mr G complains that he received poor advice and customer service from a mortgage adviser at Lloyds Bank PLC (Lloyds). He also says that the valuation of his property was too low and has provided his own valuation at a higher amount.

background

In 2013 Mr G was looking to remortgage and he spoke to a mortgage adviser at Lloyds. He wanted to borrow £75,000. Discussions with the adviser resulted in Mr G borrowing money from a relative to pay off unsecured debts before proceeding with the application.

Since he'd purchased the property Mr G had spent about £5,000 on improvements to his home. He paid £85,000 for the property and so was hoping it would be worth more than £90,000. A valuation was carried out by a surveyor acting on behalf of Lloyds, who valued the property at £85,000. Because Lloyds would only lend 85% of the valuation of the property, Mr G was unable to borrow the amount he needed.

Mr G complained to Lloyds that he was never told that there would need to be a valuation of the property. He provided his own valuation from a local estate agent which said the property was worth £90,000-£95,000.

Mr G also says that he was told first that he could borrow 95% of the property's value, then 90% of the value. Mr G says he only repaid his unsecured debts because the adviser led him to believe the application would be approved if he did so.

Lloyds considered the complaint and initially paid compensation of £250 for poor customer service and delay. In January 2014 Lloyds paid Mr G a further £150 for failing to respond to an email.

Dissatisfied with Lloyds' response to his complaint, Mr G brought it to us where it was considered by one of our adjudicators. He was satisfied the £400 paid by Lloyds was fair in all the circumstances, given its acknowledgement that Mr G hadn't received the service he was expecting.

Mr G asked for an ombudsman to review the complaint. In summary, the main points Mr G has raised are:

- the adviser told him to borrow the money to repay his unsecured debts from a family member, accept the mortgage from Lloyds and then take out a new loan with Lloyds to repay the family member. The adviser called the loans team to arrange this.
- had he not been assured that the mortgage offer was 100% agreed he wouldn't have paid the loan off.
- it is not fair for Lloyds to use the valuation in good faith in relation to the mortgage application. His own estate agents' valuation more than proves that there is human error by the surveyor in this case.

my findings

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint.

Where, as in this case, Lloyds has accepted its service was not of the standard it should have provided and has offered compensation for this, I'm not required to analyse the events in detail. Lloyds has offered £400 compensation for poor service and delay. What I have to decide is whether this is fair in all the circumstances.

Mr G says that the adviser told him to repay his unsecured debts in order to get the mortgage. The adviser's recollection is that he told Mr G that, with his other commitments, the mortgage was unaffordable and the only way the Lloyds system would agree the lending in principle was if the debt was repaid.

The adviser says: *"I did not tell him to do this, just that we could not progress the application with the debt still in force ... [Mr G] undertook this action himself as he was sure the valuation would not be an issue. ... unfortunately due to the low valuation the planned remortgage could not proceed."*

On balance, I'm not persuaded Mr G was told by the adviser that he had to repay the debts. I believe the adviser explained the position to Mr G, who then decided the steps he would take to pay off his debts so that he could apply for the mortgage.

I'm also not persuaded Mr G was unaware there would need to be a valuation of the property, as this is a standard part of the mortgage process so that Lloyds is able to ascertain the property is suitable security for it to lend against. The valuation was carried out on behalf of Lloyds by a qualified surveyor, a Member of the Royal Institution of Chartered Surveyors.

Mr G has provided a copy of an estate agent's valuation signed by a 'Valuer' (who is not on the RICS register of members and so I conclude that he is not a qualified surveyor). The valuation suggests the property should be marketed for sale at £94,950. But an estate agent's estimate of a sale value given to a potential customer is very different from a valuation from a qualified surveyor for a mortgage lender. So I'm satisfied Lloyds hasn't made an error here in relying on a valuation from a qualified professional surveyor rather than accepting Mr G's report from an estate agent.

I do appreciate Mr G is disappointed that he was unable to remortgage. I am glad that Lloyds acknowledged its customer service, and the time it took to deal with Mr G's concerns, could have been better. Overall I'm satisfied the £400 Lloyds has already paid is fair and reasonable and I do not require Lloyds to do anything more.

my final decision

My decision is that I do not uphold this complaint, in that I'm satisfied the £400 compensation already paid by Lloyds Bank PLC is fair and reasonable in all the circumstances of this case.

Jan O'Leary
ombudsman