

complaint

Mr D and Mrs A complained that London and Country Mortgages Ltd didn't process their mortgage application in a timely way. They said this meant that they took a mortgage deal which wasn't the most economical.

background

Mr D and Mrs A contacted London and Country about a possible remortgage on 3 April 2018. This was about three months before their current deal expired.

London and Country recommended a lender which I'll call lender A. The valuation of Mr D and Mrs A's property was carried out on 11 April. Mr D and Mrs A chased the allocated case handler, but were told she was on holiday, and then that she'd had personal difficulties. Mr D and Mrs A didn't receive the valuation until 30 May.

When the valuation came, it was significantly lower than they'd expected. Mr D and Mrs A said it was £20,000 less than they'd paid for the property two years earlier, even though they'd done £20,000 of work. They also said the valuation was around £40,000 less than a website valuation.

This meant that they were only eligible for products for people borrowing 90% of their property value ("Loan to Value" or "LTV"), rather than products for 85% LTV. This meant a rate of 1.99% with lender A's rate for 90% LTV.

Mr D thought it might be best to start again with another lender, but a London and Country adviser told him this would be risky as there was now only a month before Mr D and Mrs A's current product expired – at which point they'd be put on the higher, variable, rate. London and Country's adviser also mentioned that a different lender, which I'll call lender B, was offering 1.89% for 90% LTV, with a £500 cashback offer. The adviser told Mr D this would be £750 cheaper over the two years.

But the length of time to process an application with lender B meant that Mr D and Mrs A's current mortgage product would expire, leaving them with a period on the standard variable rate. So they reluctantly decided to accept lender A's offer at 1.99%. Mr D and Mrs A were also unhappy that they then received a request for more recent bank statements, which they felt showed just how long London and Country had delayed since their original application.

Mr D and Mrs A complained. They wanted a refund of either:

- the difference between lender A's 1.99% rate, and what an 85% LTV rate would have been; or
- £750, which London and Country's adviser had said would be the saving if they'd had time to go with lender B when the valuation came in.

London and Country apologised that its case handler hadn't always sent Mr D and Mrs A's documents on to lender A in a reasonable timeframe, and said it had provided feedback to the case handler. It recognised that Mr D hadn't always been able to speak to the case handler. It said its case handlers spend much of the day on the phone, but recognised this was frustrating when Mr D and Mrs A were under pressure to get an offer quickly. It also explained that it had no control over when lenders asked for more supporting evidence from a borrower. London and Country also explained that although it asks lenders to process

applications and issue mortgage offers within 28 day, processing and underwriting the application is the lender's responsibility, not London and Country's.

London and Country said it understood Mr D and Mrs A's frustration at the short time between becoming aware of the down-valuation, and the expiry of their current product. But it didn't agree to pay either of the refunds which Mr D and Mrs A wanted. It explained that lender A had only told London and Country about the down valuation on 29 May. London and Country's adviser had contacted Mr D and Mrs A to discuss options promptly after that. And ultimately it was Mr D and Mrs A's decision to go ahead with the higher rate with lender A, rather than go with lender B and spend some time on the variable rate.

London and Country recognised the delays and lack of response by its case handler, so it offered Mr D and Mrs A £150 compensation.

Mr D and Mrs A weren't satisfied and complained to this service.

The investigator didn't uphold their complaint. She said that she didn't think it was the delays by London and Country which had caused Mr D and Mrs A to have a less advantageous deal, but the down valuation. She also pointed out that although Mr D and Mrs A believed they'd have been better off with lender B, it wasn't possible to know whether lender B would have accepted their application. The investigator recognised that Mr D and Mrs A had had to chase London and Country, and hadn't been kept updated. But she thought London and Country's offer of £150 compensation was fair.

Mr D and Mrs A weren't satisfied. They asked us to obtain and listen to the call recordings of Mr D's conversations with London and Country at the end of May. And they pointed out that it wasn't the down valuation which had caused the loss, because the alternative product with lender B had also been based on the same LTV. They accepted there was no guarantee they'd have been accepted by lender B, but thought it was more likely than not that they would have been. Mr D and Mrs A said they'd started the process eight weeks earlier, and had responded to all document requests. They said it was apparent that London and Country hadn't passed these on to the lender in a timely way.

my findings

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

I first asked London and Country for the recordings of all calls with the consumers on 29 or 30 May. London and Country said there were none with Mr D on 29 May. It believed the system must have been out of action on 30 May as there were only a very few calls recorded that day. It had asked its IT department, but there were no calls available.

When evidence conflicts or is missing, I made my decision on the basis of what's more likely than not to have happened. As the call recording is missing, I accept that, as Mr D has told us, the adviser told Mr D about the alternative product with lender B, and that it would mean a saving of £750 over the two years. I also accept that there was a discussion about timescales, and that it was unlikely by 30 May that Mr D and Mrs A would get a completely new application with lender B processed before their current product reverted to the standard variable rate.

I've gone on to consider whether London and Country was responsible for the fact that Mr D and Mrs A didn't get the cheaper product with lender B. I've looked at the chronology, and it's clear that London and Country didn't always send documents on to lender A promptly. It's acknowledged that. And it was frustrating for Mr D and Mrs A that they didn't always get a reply when they chased the case adviser. I consider £150 compensation, which London and Country offered Mr D and Mrs A, is fair and reasonable for the frustration and irritation.

But the key fact is that lender A didn't tell London and Country that Mr D and Mrs A's property had been downvalued until 29 May. It was that down-valuation which led to Mr D and Mrs A's disappointment with the 1.99% rate available with lender A, and it was the incentive for them to look for other options.

And I can't say that London and Country was responsible for the fact that the valuation result wasn't back until 29 May. The valuation outcome wasn't connected with the progress of the mortgage evidence documentation. Mr D and Mrs A have told us that the valuation was carried out on 11 April, just a few days after they first approached London and Country on 3 April. And I've checked London and Country's notes, and it did contact Mr D and Mrs A promptly after lender A told it the outcome. So I don't find that London and Country was responsible for the fact that by the end of May, there was a very short time available for Mr D and Mrs A to consider applying for alternative products.

I accept that, as Mr D and Mrs A said, the London and Country adviser pointed out on 30 May that timescales were short to apply to lender B. But ultimately it was Mr D and Mrs A's decision about what to do at that point. I recognise it was an annoying decision to have to make, and that they felt frustrated. But mortgage applications can take some time to process, and up to around eight weeks is fairly normal, if all goes well. My job is to determine what London and Country did wrong, and I don't find that it was responsible for Mr D and Mrs A being unable to get as advantageous a rate as they'd hoped.

It's not clear to me whether or not London and Country's offer of £150 has been paid. If not, I leave it to Mr D and Mrs A to decide whether or not to approach London and Country to see if this is still available to them.

my final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D and Mrs A to accept or reject my decision before 28 January 2019.

Belinda Knight
ombudsman