

complaint

Ms O has complained that she received conflicting advice from two separate advisers at London and Country Mortgages Limited ("L&C").

background

The background to this complaint is set out in detail in a letter dated 9 September 2019 sent by the investigator to both Ms O and L&C. In order to preserve Ms O's anonymity, I will not repeat all the details here, but will instead provide a brief summary.

In July 2018 Ms O's property was on the market for sale. She was at that time on Standard Variable Rate (SVR) with her current mortgage lender but wanted to remortgage onto a lower rate. She spoke to an adviser at L&C who told her that she would not be able to remortgage if she was in the process of selling the property.

In December 2018 Ms O called L&C again and spoke to a different adviser. Ms O said that the adviser told her to take her house off the market while she applied for a new mortgage, and she did so, and then put it back on the market.

L&C says that in December 2018 Ms O made no reference to her house being on the market but only said she intended to sell it at some point in the future. L&C arranged a new mortgage for Ms O, a two-year tracker product.

Ms O complained to L&C, saying that she paid six months on SVR when she should have been advised in July 2018 to take out a new mortgage. L&C didn't uphold the complaint so it was brought to us. An investigator looked at the complaint but didn't think it should be upheld. Ms O disagreed and asked for an ombudsman to review the complaint. She's put forward no further arguments or evidence.

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've read everything provided by both parties and I confirm I've listened to all the call recordings provided by both Ms O and L&C.

Ms O's requirements were that she wanted a mortgage that had no fees, including no early repayment charge (ERC). But lenders consider the long term profitability of the mortgage. With a fee-free mortgage, they have to pay solicitors to do the legal work for the remortgage, a surveyor to value the property as well as all processing cost. Then if the borrower redeems the mortgage a few months later the lender may actually make a loss on the transaction.

That's why, when offering products to the market, lenders will usually offer fee-free mortgages if there is an ERC, with more generous lending terms (such as no ERC) being subject to an application fee.

The first call with L&C took place on 31 July 2018, when Ms O told L&C she was looking to sell her property as quickly as possible. It was explained to Ms O that if that was the case, she would pay more in lender fees attached to variable rates which had no early repayment charge than she would if she was to stay on her existing SVR whilst she sold the property.

Ms O was also advised that an application for a mortgage on a property that was up for sale would fall outside lending criteria for many lenders, as it might be considered short-term lending. The adviser explained that if Ms O changed her mind about selling and decided to take her property off the market, then she could give him another call and discuss a new mortgage. I'm satisfied that this advice was correct, given Ms O's circumstances as she explained them to L&C on 31 July 2018.

The next call with L&C was on 19 December 2018. Ms O says that during this call she was advised to take the property off the market. I've listened to the call and at no point does the adviser say this. Ms O was looking for a variable rate mortgage with no ERCs and no fees, as she wanted the option to move in the future. No mention was made by Ms O at all of the property being on the market.

Based on what Ms O told L&C about her circumstances on 19 December 2018 (which was different from what she'd said a few months earlier), it was possible to arrange a new mortgage for Ms O. I note from an online property portal that the property was re-listed for sale on 11 January 2019.

I'm satisfied that it was appropriate in December 2018 – when the property was not on the market – for L&C to arrange a new mortgage product for Ms O. I'm also satisfied that this is not inconsistent with, nor contradictory to, the advice given in July 2018.

In the circumstances, I'm satisfied L&C has done nothing wrong.

my final decision

My decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms S to accept or reject my decision before 11 March 2020.

Jan O'Leary
ombudsman