

complaint

Mr P complains that London and Country Mortgages Ltd gave him incorrect advice and didn't help him as it should.

background

Mr P applied through brokers London and Country for a loan on the security of a property which he already owned but didn't occupy. The mortgage applied for was of the "buy-to-let" type, albeit the loan wasn't to be used to buy the property (though it may have been to purchase the interest of a relative). The illustration produced by London and Country showed that a fee of £355 (plus a £100 administration fee) would be payable for a valuation. The lender instructed surveyors to provide the valuation. The surveyors' report included the following remarks:

"The property is in poor condition throughout and requires a full repair and refurbishment programme. The property has suffered previous movement, but I saw no evidence to suggest this is ongoing. Aspects of the electrical installation give cause for concern and you should obtain specialist advice. In its present condition the property is unfit for letting"

As a result the lender made a 100% retention pending repair and refurbishment. Mr P complained to London and Country that it had told him the lender would only do a desktop or drive-by valuation, and it hadn't helped him to ascertain what work needed to be done.

London and Country said it had asked the lender to send a copy of the valuation, which it had done after some delay. Following this it had asked the lender for information on the work required, and the lender had replied that it was Mr P's responsibility to ascertain what remedial work was necessary to make the property acceptable for letting. London and Country had therefore suggested (this may have come originally from the lender) that Mr P contact local letting agents to see what works they would require for the property to be let. There was nothing more London and Country could do.

Once works were complete there would be a fee for re-inspection by the valuer. London and Country agreed it would refund this. The property wasn't then ready for letting, and London and Country accepted it shouldn't have told Mr P the valuation would be made without a visit.

Unhappy with this response, Mr P brought his complaint to this service. Our adjudicator noted that London and Country had agreed to refund the re-inspection fee once work had been completed and the re-inspection visit carried out. But she didn't think this went far enough. London and Country had caused Mr P considerable distress and inconvenience by its inaccurate information, and the adjudicator considered it should pay him £200 compensation. London and Country agreed to do this.

Mr P didn't accept. The mortgage offer had expired and with it the eventuality of a re-survey. London and Country should have offered him the choice of having a survey done upon which he could rely. Had it advised him on this course of action he would have been in a position to know what faults needed to be corrected.

my findings

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

In his complaint form Mr P describes the surveyor's remarks as "*a two-sentence remedial work specification*". I agree that as a remedial work specification the remarks were inadequate, but they weren't intended to be a remedial work specification. All the surveyors were engaged for was to provide the lender with a mortgage valuation. If Mr P needed advice on the work needed to make the property fit for letting, and I can quite see that he did, it was up to him to obtain a survey or seek advice from a letting agent.

Mr P complained to the surveyors, requiring them to tell him: "*exactly what needs to be done to restore my property as 'fit for letting' according to whatever letting standard you are choosing to employ*", but the surveyors had only been commissioned (and paid) to provide a mortgage valuation.

Likewise Mr P said to London and Country: "*As my broker, you should accept that once your client has paid for a survey that he/she can reasonably expect to be told of the exact remedial work that needs to be done*". But Mr P hadn't paid for a survey. He'd only paid for a mortgage valuation.

It's impossible to be certain whether Mr P would have proceeded with the application had he known that an internal inspection would be required. Mr P says: "*I wouldn't have agreed to it at that time because the house was in the process of being modernised and decorated*", and I think that's probably right. But in that event he would be in the same position as he is now, save that he wouldn't have had to pay the valuation fee of £355 or the administration fee of £100.

For this reason I've considered whether London and Country should pay Mr P £455 as well as the £200 recommended by the adjudicator. But on balance I've concluded this wouldn't be fair, because these fees wouldn't have been wasted if Mr P had taken advice on the works needed to make the property fit to let. London and Country did advise him (or pass on the lender's advice) that he could seek advice from a local letting agent who could have told him what he needed to do. If Mr P preferred to seek advice from a surveyor he could have done so, it comes to the same thing.

Mr P's stated reason for not doing this was that these views would have been open to interpretation, and that the only view which counted was that of the lender's appointed surveyor. He said London and Country should "*grab [lender's surveyor] by the scruff of the neck to get the information I need*". But the lender's surveyor didn't have that information. He hadn't made a survey of what works were needed. He'd merely undertaken to make a mortgage valuation and noted that full repair and refurbishment were required.

It was necessary for Mr P to take advice, do the work advised, and then call for the re-inspection which London and Country would have paid for. If the lender's surveyor was still unhappy following renovations, it would have been over identifiable issues, not a blanket need for a full repair and refurbishment programme.

my final decision

My decision is that I uphold this complaint and order London and Country Mortgages Ltd to pay Mr P £200 compensation for trouble and upset.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 5 September 2016.

Edward Callaghan
ombudsman