

complaint

Mr D complains about delays caused by Lloyds Bank PLC to his mortgage application. He also complains that his property was undervalued and Lloyds would not lend the full amount he asked for. He asks that the mortgage loan is increased and the valuation is done properly. He also asks for compensation for his costs, time and upset.

background

Mr D applied to Lloyds in February 2014 to re-mortgage his property. The mortgage completed in October 2014. Mr D says:

- The drive by valuation did not properly value the property. It did not take a loft conversion into account. Had he known the valuation would be done this way, he would not have applied for the mortgage.
- He asked to increase the loan in June 2014 to fund the deposit on a buy to let property. Lloyds agreed. But in September, after he found a property, Lloyds said he would have to make a new application for the additional lending.
- There were many delays to the application. Some were caused by Lloyds' conveyancers. Mr D said he had to pay his own solicitors to explain the property titles and charges.

The adjudicator did not recommend that the complaint should be upheld. She said the compensation offered by Lloyds was fair and reasonable for its poor service and delays. The adjudicator said:

- Not all of the delays were caused by Lloyds. Mr D did not provide his income information and confirm he wanted to go ahead until June 2014.
- Lloyds caused delays of about 12 weeks. Some delays were caused by Lloyds' conveyancers misunderstanding the property titles and charges.
- Lloyds is entitled to rely on the opinion of a suitably qualified valuer. The valuation was part of the mortgage package and could not be appealed. The valuation had not affected Lloyds' decision to lend or the interest rate applied to the mortgage.
- Lloyds was entitled to make a commercial decision whether to offer additional lending for another buy to let property. Lloyds told Mr D in September it was unlikely the additional lending would be approved. Mr D decided to go ahead with the original loan amount.
- Lloyds paid £255 compensation for the additional cost of Mr D's mortgage for three months. It also paid £300 for upset and inconvenience and £120 for his time and costs. Taking into account the £350 compensation offered by the conveyancer, the adjudicator said this was fair and reasonable.

Mr D did not agree. He said Lloyds' conveyancers had not understood the nature of the lease after many months and he had to ask a solicitor to explain it. So he should have this cost refunded. He had not been told the valuation would be a "drive by" valuation and did not find this appropriate. Mr D said the compensation was not enough for the time and costs involved in managing the application process over many months.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. Where the evidence is incomplete, inconclusive or contradictory, I reach my decision on the balance of probabilities – in other words, what I consider is most likely to have happened in light of the available evidence and the wider circumstances.

delays to the mortgage completing

Lloyds accepts it caused delays to Mr D's mortgage application. Its conveyancer also accepts it caused delays. Having considered what Mr D has said, for the reasons set out below, I think the compensation paid by Lloyds is fair and reasonable.

- While Mr D contacted Lloyds about the mortgage in February 2014, he did not provide the information needed to make an application and confirm he wanted to go ahead until June 2014. The mortgage completed in October – five months later. Lloyds paid £255 compensation for Mr D's additional mortgage costs (the difference between his mortgage payments and the cheaper mortgage he'd applied for) for three months. The conveyancer paid £160 for two months additional mortgage costs. In the circumstances, I don't think it would be reasonable to require Lloyds to pay more compensation for Mr D's mortgage costs.
- I do appreciate Mr D was frustrated and upset about delays and poor service by Lloyds and its conveyancer. But not all the delays were caused by Lloyds. I find £300 compensation paid by Lloyds fair and reasonable in the circumstances. The conveyancer offered £190 for Mr D's inconvenience and costs.
- I also understand the delays and poor service meant Mr D had additional costs and spent more time on the application. In the circumstances, I find the £120 compensation paid by Lloyds is fair and reasonable.
- Mr D asked his solicitor to explain the situation with the lease to Lloyds' conveyancer. He says this was essential to complete the mortgage and he should be compensated for the £180 costs he incurred. I do sympathise with Mr D's frustration, but any errors here were the responsibility of the conveyancer rather than Lloyds. Lloyds asked the conveyancer to respond to Mr D's concerns. I don't think it would be reasonable to require Lloyds to pay compensation for Mr D's legal costs.

valuation of the property

Mr D applied for a mortgage which included a free remortgage valuation. The valuation was for mortgage purposes, to help Lloyds assess whether the property was good security for the loan. Lloyds says it did not need a detailed report. I don't think Lloyds acted unreasonably in asking for a valuation that was sufficient for its purposes.

While I appreciate that Mr D is disappointed that the property was valued for less than he expected, this did not affect Lloyds' decision to lend or the rate applied to his mortgage.

The valuation might have affected the terms if Mr D had borrowed more. But the valuation was done before Mr D asked for the additional borrowing. In the circumstances, I don't think Lloyds' decision to use a drive by valuation was unreasonable.

additional lending

Lloyds gave provisional approval for Mr D's request to borrow an extra £12,000 for a deposit on a buy to let property. The underwriters said they needed more details about the property and any related mortgage and rental income. Mr D had not found a property and in August decided to go ahead with the re-mortgage without the additional borrowing.

In late September Mr D said he would like to borrow the additional amount. Mr D says Lloyds' mortgage adviser told him the application was declined. The adviser says she told Mr D it was likely an application would be declined and left Mr D to decide whether to apply. She says Mr D told her the application was not essential as he had other funds available. It seems Mr D went ahead with the purchase.

I am not persuaded Mr D asked the adviser to apply for the additional borrowing. Also, Lloyds was entitled to make a commercial decision whether to offer the loan and there is no guarantee an application would have been successful. I am not persuaded Lloyds made an error here that would make payment of compensation reasonable.

my final decision

My decision is that I do not uphold this complaint as I find the compensation paid by Lloyds Bank PLC fair and reasonable in the circumstances.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 9 November 2015.

Ruth Stevenson
ombudsman