

The complaint

Mr K and Miss S complain about the poor service they received from London and Country Mortgages Ltd (L&C) when they were completing on a house purchase and used L&C as a mortgage broker.

What happened

In July 2019, Mr K and Miss S approached their mortgage broker, L&C about a new mortgage to assist in the purchase of a property. L&C sourced a mortgage offer from a lender that I shall call Lender A. As they hadn't completed by December and a more preferential rate of 1.44% was available Mr K and Miss S got a revised mortgage offer which issued on 11 December 2019 and was valid until 30 June 2020.

As Mr K and Miss S didn't think their intended purchase would complete before the mortgage offer was due to expire, they got in touch with L&C and asked if the offer could be extended. On 27 May 2020, Lender A told L&C that as the offer was made before March 2020, it would automatically extend until 30 September 2020.

On 28 August 2020, L&C got in touch with Mr K and Miss S to ask for an update on their move. Miss S told them they had a completion date of 3 September 2020. But on the day before they were due to complete, Mr K and Miss S's solicitors were told by Lender A that they couldn't draw down the mortgage funds, as the valuation connected to their mortgage offer had expired. Mr K and Miss S managed to request a new valuation directly from the lender and it was agreed this would take place on 3 September 2020, the agreed completion date, so the funds could be released the same day.

The revised valuation was completed on 3 September 2020, at which point Lender A told L&C that Mr K and Miss S wouldn't be able to access the mortgage product outlined in their existing offer. Lender A said that this was because the mortgage product had expired on their systems with effect from 30 June 2020.

Lender A told L&C that the only way funds could be released that day was if Mr K and Miss S took out what Lender A described as a '*like for like*' three-year fixed rate mortgage, at a higher interest rate of 1.69%. Lender A explained it could potentially provide the original mortgage at 1.44% but wouldn't be able to do so until at least the following day, due to its mortgage system requiring the product to be '*rebuilt*'.

Mr K and Miss S agreed to proceed with mortgage offer which would enable funds to be released on the purchase date and the mortgage completed on 3 September 2020.

Mr K and Miss S complained to both Lender A and L&C about how their mortgage application had been handled. Their complaint to L&C was in brief that the broker should have made them aware when their offer was extended of any potential issues relating to the valuation connected to their mortgage offer.

L&C said that once the mortgage offer issued the application became the responsibility of Mr K and Miss S's solicitors. It said that as it didn't hold information on the valuation, it wasn't in

a position to communicate any possible issues to them. L&C offered £50 to Mr K and Miss S as it said it felt its adviser could've done more to progress the request for a new valuation, once aware it had expired.

Mr K and Miss S weren't happy with L&C's response, so they contacted our service and asked us to look into their complaint. They requested L&C pay compensation to recognise the stress and anxiety caused by its actions, and to refund the daily amount of interest lost, due to late completion of the exchange.

Our investigator recommended that this complaint should be upheld. He felt that by 27 May 2020 L&C had enough information to make Mr K and Miss S aware of at least approximately when their valuation was due to expire and that it was incorrect for L&C to have indicated that Lender A would contact them on expiry of the valuation as Lender A hadn't said it would do so. Our investigator recommended that L&C pay them compensation of £300. L&C disagreed and asked for a review.

What I've decided – and why

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

Mr K and Miss S have several complaints about L&C's service but central to their complaint is that L&C failed to alert them when the valuation which supported the mortgage offer was going to expire. Mr K and Miss S only realised the issue that this valuation had expired on the eve of completion when their solicitor couldn't draw down the completion moneys from Lender A.

As I understand it L&C's position is that after the offer issued the carriage of the mortgage was in the hands of Mr K and Miss S's solicitor and in any case it was unaware of when the valuation was done. L&C did tell Mr K and Miss S in an email on 25 May 2020:

"Lender A have confirmed they can extend your mortgage offer by three months. However, once the valuation is over 12 months old, they are likely to ask you to pay the £200 valuation fee again, so that they can conduct an updated valuation."

The problem with that information is that it doesn't tell Mr K and Miss S when the twelve months expires and suggests that the alert will come from Lender A when Lender A will ask for £200 for a new valuation. It also doesn't tell Mr K and Miss S what would happen if the valuation which supported the mortgage offer expired.

Should L&C have gone further and warned Mr K and Miss S of the consequences of the valuation expiring? I recognise that L&C weren't aware of the original valuation date but given they handled the application might reasonably be expected to know in general terms when the valuation was carried out as the approval of the application depended on it. L&C says that after getting the mortgage offer its role in effect was concluded and other parties are there to assist Mr K and Miss S. I note that in its welcome letter of July 2019, L&C recognised that after the mortgage offer issued, it had a limited but continuing role to *"help to ensure matters progress as smoothly as possible."* It's also clear that in this case L&C played a continuing role after Miss S sought assistance from them in May 2020 when L&C then contacted Lender A.

I would have thought that it was reasonable, if it wanted to ensure matters progress smoothly, that L&C alert Mr K and Miss S as to what would happen if the valuation passed the twelve-month period. The suggestion in the email is that there would simply be a further

valuation initiated by Lender A and not that the mortgage couldn't be drawdown if the valuation expired or that Mr K and Miss S should contact Lender A about a valuation to insure it didn't expire. L&C says it didn't know the date of the original valuation but as it was in correspondence with Lender A it could have clarified that with Lender A. I also don't consider passing a warning/advice to Mr K and Miss S that the offer may lapse without a new valuation and finding out when it would lapse to be particularly onerous - a simple email would have covered that - and is something that I would have expected L&C to have done in paying due regard to its customers interests. As L&C failed to take the above measures, I intend to uphold this complaint.

I recognise Mr K and Miss S suffered a particularly stressful time when they found that they were unable to drawdown the completion money and I believe that an award of compensation of £300 is appropriate. But as L&C was told by Lender A that the mortgage product that Mr K and Miss S were offered would be available until the end of September, I can't fairly say that L&C was responsible for the higher mortgage interest that Mr K and Miss S had to pay when it wasn't available.

Putting things right

London and Country Mortgages Ltd should pay Mr K and Miss S £300.

My final decision

I uphold his complaint and require London and County Mortgages Ltd to pay the compensation referred to above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K and Miss S to accept or reject my decision before 14 July 2022.

Gerard McManus
Ombudsman