

## **The complaint**

Mr B and Mrs H complain that London and Country Mortgages Ltd (“L&C”) asked them for proof of ID which it didn’t need, then approached their solicitor without permission. They wanted some of their fees returned, and compensation of £500.

## **What happened**

Mr B told us that he applied for a mortgage for him and Mrs H, through L&C. He said he was told the best deal for him was one with an arrangement fee and valuation fee. But Mr B said he now thought L&C had misadvised him in order to secure a higher commission for itself.

Mr B also said L&C had asked him for ID, but the lender confirmed no ID was required and an offer had already been made. Mr B said he was also asked for proof of where the deposit had come from, but he didn’t think that L&C was being honest with him about why it was asking for documentation. And he said L&C then approached his solicitors for this information, without his permission. He said that luckily his solicitor didn’t pass over any information, but he was very angry that L&C had done this without telling him, and after it had said it couldn’t do this.

Mr B said L&C caused him and his family stress and frustration during the purchase of their new house. And he said he was sure that he could have got a better deal without paying the valuation fee and solicitors costs. So he wanted some of the costs returned, which he said were a £350 valuation fee and £175 lender solicitors’ fee. And he also wanted £500 in compensation for the stress and worry caused.

L&C didn’t think it should pay Mr B what he wanted. It said it was sorry it had asked Mr B and Mrs H for ID although the lender didn’t need it. It had updated its request as soon as it realised this wasn’t necessary.

L&C didn’t think it had made a mistake in contacting Mr B and Mrs H’s solicitors. It said it did need proof of where the deposit had come from, and it had been asking for this for a while. Mr B hadn’t sent it, but he had told L&C that he’d shared this information with his solicitors.

L&C said that it’s allowed to communicate directly with Mr B’s solicitors, in the same way as it communicates directly with the mortgage lender. But it did say it could have told Mr B it was going to do this, as a courtesy, and it was sorry it hadn’t done so.

L&C said it hadn’t received any formal complaint from Mr B and Mrs H about the cost of their mortgage, and whether any other product would have been cheaper for them. But it did provide some information comparing products they could have taken.

L&C offered to pay Mr B and Mrs H £25 in compensation. It wouldn’t do more than that.

Our investigator didn’t think this complaint should be upheld. He said that Mr B and Mrs H were inconvenienced when L&C accepted it had asked for ID by mistake. But L&C wasn’t wrong to ask for information on the deposit. L&C had asked for that because it’s supposed to do these checks for the lender, and the lender can ask to see the information L&C has relied

on. L&C said it's also got to have this information, so it can show why it recommended a particular product. And there was no breach of data protection, because Mr B's solicitor hadn't shared any information with L&C.

Our investigator thought that a payment of £25 was reasonable for what had gone wrong here. And he said that Mr B and Mrs H would need to complain to L&C about the fees and the suitability of the product, before our service could consider this. But he did share with Mr B and Mrs H the information L&C had sent us, about the total cost of this mortgage, and the other products that were available to them.

Mr B said our service hadn't understood the complaint properly. He said that L&C hadn't said it needed the deposit evidence for its records, it said this was for the lender. And the same for the ID, where L&C said the lender needed this. L&C was wrong about that, which is why he was worried about supplying evidence of his deposit to L&C too. And he also repeated that a better deal was available at the time, which L&C had warned him he wouldn't be able to get.

Mr B said that there was no data protection breach because of steps taken by his solicitors. Otherwise the action L&C took would have resulted in a breach. And L&C had caused him stress and frustration in that process.

Mr B wanted his complaint to be considered by an ombudsman, so it was passed to me for a final decision.

### **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.

I've reached the same overall conclusion on this complaint as our investigator.

I understand that Mr B and Mrs H were inconvenienced by being asked for ID although their lender didn't actually need this. I'm pleased to see that L&C has apologised to them for this.

Mr B also complains that L&C approached their solicitors to ask for proof of where the deposit funds had come from. He said that would have been a data protection breach, if his solicitors hadn't acted properly in checking with him.

Our service isn't the expert on data protection, so I won't reach any conclusion here on whether L&C were entitled to ask for this information under data protection law, or not. Mr B can raise this issue with the Information Commissioner's Office if he would like someone to look into this specific point.

Our service has to focus on the facts of this case. And here, I can see that L&C had asked Mr B a number of times for information on the source of funds. I can also see that what L&C said then is consistent with what it says now – that the lender relies on it to hold this information, so it does need to have it. I've no reason to doubt what L&C says about that.

I can also see that on 9 February, Mr B himself emailed L&C, to suggest that it contacted his solicitors or the lender directly to ask about proof of the source of funds. So I don't think it was unreasonable or unfair when L&C did later do this.

L&C has offered Mr B and Mrs H £25 to say sorry for any inconvenience when they were asked for ID unnecessarily, and to say sorry for not alerting them, as a matter of courtesy,

that it would be approaching their solicitors for information. I know that Mr B and Mrs H were concerned about whether L&C was being honest with them, and they told us this caused stress and frustration, but I've not seen anything to suggest that L&C has acted dishonestly. I think that the offer L&C has already made does provide a fair and reasonable outcome to this part of their complaint, considering the impact on Mr B and Mrs H of these two issues.

It doesn't look as if Mr B and Mrs H have accepted that offer, so I'll make this award. (I'll also allow L&C to count any money it's already paid towards this, in case the offer has been accepted and paid.) But, although I do understand that Mr B and Mrs H will be disappointed, I don't think that L&C has to do more than this.

I know that Mr B is also very concerned that L&C didn't offer him the best deal for him and Mrs H. He thinks L&C chose something that would benefit it, not them. But L&C has told us it hasn't yet received any complaint from Mr B and Mrs H about the mortgage product which was recommended to them and the fees they were charged.

Our service can only look at a complaint once the business involved has had a chance to respond on that issue. I know our investigator passed some information on this from L&C over to Mr B and Mrs H. But I won't reach any conclusion here on the recommendation made to Mr B and Mrs H, or on the fees they paid. Mr B and Mrs H can discuss this with L&C in the first instance, if they would like.

### **My final decision**

My final decision is that London and Country Mortgages Ltd must pay Mr B and Mrs H £25 in compensation. London and Country Mortgages Ltd can count any compensation it has already paid, towards that total.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B and Mrs H to accept or reject my decision before 13 July 2022.

Esther Absalom-Gough  
**Ombudsman**