

## The complaint

Mr B complains that his Lifetime Mortgage application was unfairly declined by Aviva Equity Release UK Limited.

## What happened

On 24 May 2023 Mr B contacted Aviva and enquired about applying for a Lifetime Mortgage. Aviva subsequently booked an appointment for Mr B to speak to one of its Financial Advisers (FA) on 31 May 2023 at 1pm.

Mr B called Aviva again on 26 May 2023 with some general queries about completing the income and expenditure form that he'd been sent.

On the morning of 31 May 2023, Aviva called Mr B to let him know that following its initial investigation, it had decided not to proceed and therefore cancelled his afternoon FA appointment. It explained that this is because Mr B's property was near commercial premises and therefore didn't meet Aviva's lending criteria.

Mr B complained to Aviva via our service. He said that Aviva's lending criteria in respect of nearby commercial premises should've been clearly presented in its terms and conditions. He didn't feel that he should've gone through the process of booking an appointment with a FA and completing the income and expenditure form. He asked that Aviva reconsider its decision.

Aviva didn't uphold Mr B's complaint. It explained that the initial call handler he spoke with on 24 May 2023 wasn't qualified to consider Aviva's lending criteria, so it followed its standard process by booking him an appointment to speak to a FA. Ahead of the meeting, the adviser carried out some initial enquiries and found that Mr B's property was located near commercial premises. And therefore, Mr B's property fell outside Aviva's risk appetite.

Aviva said it subsequently declined Mr B's case at a very early stage ahead of the initial meeting with the FA. As such, it didn't agree that it had treated Mr B unfairly and wasn't prepared to reconsider its position on the matter.

Mr B wasn't satisfied with Aviva's response and asked our service to investigate.

An investigator at our service looked into things and didn't recommend that Mr B's complaint should be upheld. He felt that Aviva had acted reasonably and fairly declined his case in line with its lending criteria.

Mr B disagreed and reiterated that Aviva should've declined his case earlier and its lending criteria should've been clearly presented in the terms of business documentation it sent to him on 24 May 2023 following his initial call. As a result, Mr B asked for his case to be decided by an ombudsman.

## **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.

Having done so, I don't think this complaint should be upheld. I realise this will be disappointing for Mr B. But I hope the reasons I've set out below will help him to understand why I have come to this conclusion.

As our investigator explained to Mr B, it isn't for our service to undermine a business' lending criteria. A lender is entitled to establish its own attitude to risk and set its criteria accordingly. We can, however, decide whether a lender has applied its criteria fairly in the circumstances.

I can see in Mr B's case, ahead of the meeting on 31 May 2023, the FA carried out some initial enquiries on Mr B's property. He noted that there were commercial business premises nearby – including a car garage opposite. He contacted Aviva's equity release pre-sales area and asked whether this was likely to influence Aviva's lending decision.

Pre-sales responded by saying that the case wouldn't be acceptable security for Aviva. Subsequently, the person Mr B spoke with on 24 May 2023 called him on the morning of the FA appointment to explain that Aviva was unwilling to lend on this occasion and cancelled the meeting.

As I've mentioned, a lender is free to establish its own attitude to risk. And it's considered that being close to some commercial premises may influence a property's resale value. So a lender may factor this into its lending criteria when considering whether a property is suitable security to lend on. Aviva has demonstrated to our service that it has a clear policy in relation to external factors affecting a property. And I'm satisfied that, in Mr B's case, it considered his property against this policy and made a reasonable decision.

I'm also satisfied that Aviva didn't act unfairly in the way it dealt with Mr B throughout the process. Mr B feels like his time was wasted and Aviva's lending criteria should've been evident in the terms of business documents it sent him.

A lender isn't expected to disclose its lending criteria to customers. It can explain the reason behind its decision not to lend – which may, if it chooses, include highlighting the relevant part of its criteria. That is what Aviva did in Mr B's case. Consequently, I don't agree that Aviva should've disclosed this part of its criteria to Mr B during the initial conversation on 24 May 2023 or in the documentation which followed.

When Mr B initially called Aviva on 24 May 2023, it followed its process by booking him an appointment to speak with a qualified FA. It isn't unusual that the staff member Mr B spoke to wasn't qualified to discuss Mr B's needs in depth and therefore couldn't have considered his property alongside Aviva's lending criteria. It's also not unusual that Aviva asked Mr B to complete an income and expenditure form in preparation for his appointment with the FA.

Ahead of Mr B's appointment with the FA, Aviva called him to let him know that it wasn't prepared to lend to him on this occasion. I think Aviva acted reasonably here and told him about its decision at the earliest available opportunity rather than waiting for the meeting or conducting a full application to decline lending later in the process. With this in mind, I don't agree that Aviva put Mr B through an unnecessary process or wasted his time. In fact, it declined his case at a very early stage.

Altogether, I'm satisfied Aviva has treated Mr B fairly and it wouldn't be reasonable, or appropriate, for me to suggest that Aviva reconsider its decision not to proceed with his Lifetime Mortgage application.

### **My final decision**

My final decision is that I don't uphold Mr B's complaint against Aviva Equity Release UK Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 21 March 2024.

Arazu Eid  
**Ombudsman**