

The complaint

Mr B complains Aldermore Bank Plc overlooked his request to increase his lending before it issued an offer, and then refused to change the lending once the offer had been made. Mr B wanted Aldermore to cover the extra costs this incurred, and pay substantial compensation.

What happened

Mr B manages a large Buy To Let (“BTL”) property portfolio, primarily as a sole trader. In May 2023, his mortgage broker approached Aldermore about remortgaging a large number of Mr B’s BTL properties. Mr B received a Decision in Principle (“DIP”) for over two and a half million pounds of borrowing, on 23 May 2022. The interest rate on this mortgage was fixed at 2.98% for the first five years. Very shortly after that, Aldermore withdrew this rate.

Aldermore then progressed an application for Mr B, and arranged valuations for the sizeable number of properties that Mr B was using to secure this lending. Four properties were removed from the portfolio which he was using as security, during the time his application was being considered, to avoid problems which came up during the valuations.

Mr B also said his broker had asked Aldermore to increase the loan to value for this lending, from 70% to 75%. But he said Aldermore didn’t realise this request had been made before an offer was issued.

On 16 August, a note on Aldermore’s systems say that Mr B was removing a further two properties (in addition to two already removed). That note also says “*Just to confirm, we would need to chieve [sic] the maximum loan amount available*”.

Mr B also said Aldermore had repeatedly alleged that it had confirmed the loan amounts with his broker on 31 August 2022, before the offer was issued, but Mr B was adamant that no such call had taken place.

Aldermore’s internal notes on this date say the case was rebuilt and a new loan amount was set out in the afternoon, but those notes don’t show details of a call to say this new loan amount and the LTV was all as discussed with the broker on that date.

On 2 September 2022 Aldermore produced an offer. Mr B was disappointed by the amount offered. He sought to have this amended, or at the least for Aldermore to add back in some of the properties which had been removed from consideration for lending. When those efforts failed, Mr B complained. Aldermore did later provide a new offer, but this was solely in respect of an administrative amendment, which changed two properties previously noted as freehold, to leasehold.

Mr B has said he feels that Aldermore’s overall service was poor. He said Aldermore had missed his request to change the LTV for this mortgage, which he considers was made by his broker on 16 August 2022. And he doesn’t think it was appropriate for Aldermore to produce a new DIP on 31 August then issue the revised offer on 2 September, as this allowed no time for mistakes or concerns about the content of the DIP to be raised.

Aldermore set out its own timetable, and apologised for what it accepted were delays at some points. It accepted it received a request for the maximum loan possible, but said it had confirmed the loan amount on 31 August, before issuing an offer on 2 September. Mr B then complained that he hadn't been given a larger loan, with an LTV of 75%, but Aldermore said it gave him the confirmed loan amount. And it said if Mr B wanted to increase his loan, he'd have to make a new application, choosing from products which were then available.

Aldermore said that it then discussed Mr B's request for additional lending with a senior underwriter, and its decision stood. Aldermore would also not add back into the lending, any of the properties which were removed before the offer was made. Aldermore stressed that the interest rate Mr B had secured for this lending had long since been withdrawn from sale.

Aldermore at first offered Mr B £300 for delays and service failures. Mr B replied to say that this hadn't resolved things for him, and he expected Aldermore would want to work with him, to get him the lending he had originally wanted.

Aldermore then removed one of the properties which had been included in Mr B's remortgage portfolio, and processed a separate lending application for this property alone, which allowed Mr B to borrow £150,000. That's just over the amount he'd expected to secure by increasing the LTV of his first application from 70% to 75%. However, this lending was subject to a much higher fixed interest rate for the initial period.

Aldermore also reconsidered its position on Mr B's complaint. It still said if it had actioned a request for further borrowing on 16 August, it would still just have told him then that he would need to make a fresh application. But Aldermore said it was prepared to pay £2,000 in compensation. And it has shown us that this amount has been paid.

Mr B continued to be unhappy. He had discussed the first mortgage application with senior staff at Aldermore but felt nothing was resolved. So he asked our service to look into things. Mr B said that he was prepared to accept that Aldermore wasn't asked to increase the LTV until 16 August, but he said there was proof this happened then. He said Aldermore accepted it had missed this request, but didn't accept it had made any difference to the outcome. But he said although Aldermore denied any wrongdoing, it had also facilitated new lending of £150,000 albeit at considerably higher interest rate.

Mr B said Aldermore was maintaining the position that even a request to change the LTV made in August would not have been approved at the same rate. Mr B said he didn't accept a new application would need to have started then. He said Aldermore's senior underwriter had agreed that there was no reason why he could not have obtained the maximum LTV. So Mr B thought if Aldermore had picked up his request in August, he would have been given this additional lending, at the existing rate. He said that might have needed to be processed as an exception, but he said those things presumably aren't out of the ordinary.

Mr B said a request to change the LTV was considered after the offer was done, and it was turned down. But Mr B didn't believe the underwriter had realised then that the request was only made after the offer was issued, because Aldermore hadn't picked up the earlier request. Mr B said he was also told that a refusal to change an LTV even before an offer was issued was a recent change to process, but no one had documented this process, or said when the change happened.

Mr B also said evidence had been introduced after the fact. He said Aldermore was claiming a call happened on 31 August, which confirmed the amount of the loan, but he said there was no such call on this date, and when challenged, Aldermore couldn't produce it. Mr B said there was a call on 1 September, but this was certainly not confirming figures.

Mr B also felt it took far too long to resolve the complaint, and he wanted to stress the impact this had on him personally. He said Aldermore missed opportunities to resolve this earlier. Mr B said even the revised lending that Aldermore agreed didn't go smoothly, with problems over the valuation, and the rental income. Mr B said he'd experienced health problems during this time, which he thought was a result of this stress. He also said there had been a considerable amount of work in trying to ensure Aldermore was held to account.

Mr B said his financial loss amounted to £19,200. He also wanted £7,000 for pain suffering and distress, which he stressed had gone on for six to nine months. And he also wanted a further £7,000 for inconvenience, given the time this had taken up.

Our investigator didn't think this complaint should be upheld. She didn't think the delays Aldermore accepted were what caused Mr B to miss out on further borrowing at the reduced rate. She said the rate Mr B was initially offered was withdrawn by the end of May, well before the broker asked to increase the lending.

Our investigator said she thought the compensation payment Aldermore had already paid was fair in this case. She had considered Mr B's comments, so understood this had been a difficult time for him, and that Aldermore's delays caused the application to become more challenging than necessary. But she said considering the number of properties involved in the application, she felt it was reasonably foreseeable that the whole application process would have been stressful for Mr B. Although she'd taken account of what he'd told us about the impact this had on him, she still thought Aldermore's offer of £2,000 was in line with what our service would consider a fair and reasonable amount in this case.

Mr B replied to say he felt very little investigation had been done, and he was disappointed he hadn't been asked to send further evidence. He felt we'd just accepted Aldermore's version of events. Mr B wanted the case to be reviewed again, before an ombudsman considered it. Our investigator said Mr B could send more information if he wished.

Mr B replied, to say that Aldermore didn't confirm the new loan amount on 31 August 2023. He said Aldermore had repeatedly claimed that a discussion happened then between his broker and the underwriter, although it couldn't produce the call recordings. Mr B said he had all the call recordings, and there was no such discussion.

Mr B said Aldermore produced a DIP on 31 August, and then without allowing any discussion to take place, it issued an offer document on 2 September. So Mr B said he and his broker had no opportunity to raise with Aldermore that the LTV was wrong. Mr B said he was of the opinion that the underwriter didn't know he'd asked for a higher LTV before the offer was issued, and he thought we should investigate this.

Mr B said Aldermore had told him very clearly, subsequently, that he would have been fully entitled to the higher LTV, at the 2.98% rate, and the offer product should have reflected this. He said this happened on a conference call, on 19 January 2023, when he was seeking to resolve his complaint. After this, Aldermore said it couldn't locate the relevant calls, where it alleged the amounts had been confirmed with the broker. So Mr B said we were wrong to say that his offer couldn't have been amended, to a higher LTV, but retaining the previously discussed rate. Mr B said that's why he thought he should be paid the difference now between the rate he'd secured for the additional £150,000 of lending, and the rate he'd have got if this had been added to his original mortgage request.

Mr B also explained that he didn't feel, given the time all this had taken, and the impact that it had on him, that £2,000 was adequate compensation. Mr B said if Aldermore hadn't done anything wrong, why did it allow him to remove one of the properties from the portfolio of lending, to allow him to borrow £150,000 more? Mr B wanted to stress the insecurity he'd

experienced during the intervening time, not knowing if he could raise all the funds he wanted for his business, and not being able to move forward. And Mr B said if we agreed that Aldermore should have moved to the higher LTV (before the offer was made), then we should also accept that all the extra stress and inconvenience of organising a separate loan of £150,000 was totally unnecessary.

Mr B repeated his claim to have a considerable amount of evidence which was relevant to the case and said we should contact him if we wanted any real evidence. When this case came to me, I asked our investigator to write again to Mr B, to explain we were concerned that he had mentioned such evidence, but hadn't responded to our invitations to submit this. So we requested that he send us any further evidence in his possession which he considered directly relevant to the outcome of this case, and which our service didn't yet have. In response, Mr B has sent us a single call recording.

I then reached my provisional decision on this case.

My provisional decision

I issued a provisional decision on this complaint and explained why I did not propose to uphold it. This is what I said then:

I understand that Mr B will be very disappointed by this, so I should like to start by commenting on the new evidence that Mr B has offered.

Mr B has sent us a call recording, a three minute call which he said was from 1 September 2022. That appears to be a recording of Mr B's broker talking to Aldermore, and the content of the call is consistent with the position on the application at the time, as well as with Aldermore's internal notes.

At the start of that call, the broker confirmed the existing loan amount, as set out on the recent DIP. The broker said some last items were uploaded last week, then they'd seen a new illustration had been issued, with nothing else outstanding, so the broker asked whether the case was then ready to offer? Aldermore said a senior underwriter had considered the application, and the application was being finally reviewed by the credit team. They expected this to be moved forward by close of business the next day. The broker asked whether the new illustration would confirm these new figures, and Aldermore said it would.

Aldermore has said it confirmed the new lending amounts on 31 August, which Mr B disputes, as he says there was no call on this date. I think there may have been some confusion around this, it doesn't look as if Aldermore's first complaint response letter to Mr B originally asserted that this confirmation was done through a call, and it seems likely that Aldermore was then simply referring to the issue of a fresh DIP.

Both sides accept that Aldermore did issue a DIP on 31 August, which confirmed the new lending amounts. And Mr B's broker was clearly aware of these amounts, on the call she had with Aldermore on 1 September. No objection to the amount, or request for a higher LTV, was raised on this call. So I don't think Aldermore rushed out its offer in this case, before Mr B and his broker had a chance to check or comment on the amount of the lending.

I should also note that this call doesn't provide evidence on the key points Mr B wanted to establish – firstly that his broker had made a request for an LTV of 75% before the offer was issued. Or secondly, that if Aldermore had realised he wanted a 75% LTV before the offer was issued, it would have approved this request.

On that first point, Mr B accepts that, although he says he asked his broker to increase the LTV of the lending some time earlier, there was no evidence his broker had raised this with Aldermore until 16 August. However, Mr B stressed that this was before the offer was done, and said he didn't accept that the lending amount could not be changed at this point.

I can see on 6 September, the broker states that "*We asked for 75% LTV in order to capital raise and pay off outstanding balances on client's other buy to let properties. I specifically requested it on the 16th of August by adding a note to the portal*". So there's no mention of a revised request for a higher LTV earlier than this, nor can I see any notes on Aldermore's system suggesting this request was made earlier.

Looking at 16 August, I can only see a note which tells Aldermore that Mr B wanted to remove two more properties from this lending, and then said "*Just to confirm, we would need to chieve [sic] the maximum loan amount available.*"

Mr B's broker may have intended this to suggest to Aldermore that it should not only apply the minimum possible reduction when removing the four properties he no longer wished to use as security for this lending, but also to increase the requested LTV to the maximum available for this product. But if Mr B's broker had intended to communicate that, then I think that is not clear from the note which was sent. So I don't think it's Aldermore's fault that it didn't realise then this was what Mr B wanted.

I should also say that, although Mr B said he had all the relevant call recordings, and a considerable file of emails, there has, unfortunately, been no evidence for the second part of what Mr B alleges. This is that he was told by a senior member of staff in Aldermore that his mortgage could have been amended to a higher LTV, if this request had been made before the offer was issued.

Mr B says Aldermore now says it had changed its process on this recently, so he wanted to know when. He thinks we haven't done enough to investigate this point. But I can see our investigator requested a full history of available rates from Aldermore. And those do show Aldermore implemented a series of substantial rate increases from late May 2022 onwards.

Mr B has said he felt that someone needed to understand the process of mortgage applications in considerable detail to reach a decision in this case. I do think that the background to this case is relevant here. Before the start of 2022, there were almost two years of interest rate stability, and extremely low rates. When a bank hasn't changed the applicable rates, there is little difficulty in amending a requested loan amount, before an offer is issued. But that position changed at the start of 2022, when interest rates started to climb. And since then, it's not been at all unusual for banks to decide that they will not make substantive changes to lending requests, whilst honouring the rate previously discussed.

By the time Mr B's apparent wish for a higher LTV was somewhat incompletely communicated to Aldermore in mid-August, the interest rate for the lending he wanted had changed from 2.98% to 4.78%.

So, against that background, I don't think it's unreasonable for Aldermore to say that it wouldn't have increased the LTV for Mr B, adding around £150,000 more lending, as late as mid-August 2022, and at the same time allowed Mr B to retain an interest rate which it hadn't offered to portfolio landlords since May. I don't think, as Mr B's argument would appear to infer, that this is likely to have been made up after the fact. I think it's

more likely than not that Aldermore would, in those circumstances, have told Mr B he would need to reapply.

That appears to be the position that Aldermore has taken in its written replies to Mr B. If a member of Aldermore's staff did indeed say something different to Mr B, then I think it's likely that was a mistake.

I understand Aldermore did then take steps to allow Mr B to secure the borrowing he wanted. Rather than amend the whole offer, and apply a new rate to that, instead it let Mr B remove one of the properties that he'd previously proposed as security for the first offer, and instead to take out a new mortgage on that property alone. Although this was then at a higher rate, this allowed Mr B to obtain the additional borrowing he wanted, and at the same time, to retain the more advantageous rate for the majority of his remortgaged portfolio.

Aldermore has also paid £2,000 in compensation. I know Mr B says that isn't enough for what Aldermore did. But I think that much of Mr B's time, unfortunately, has been taken up with attempts to get Aldermore to make changes to his lending which it had refused to make from the start, and which I'm not able to fairly and reasonably require Aldermore to make now. I don't think I can hold Aldermore responsible for the time and effort Mr B has put into his efforts to get Aldermore to change its mind, or the stress that caused him.

I also think that I should also take into account here, the flexibility that Aldermore showed in allowing Mr B to rework his lending as I've set out, so he could secure the amount he wanted. I do understand the detailed arguments Mr B made both about his time, the effect on his business, and indeed on his own health, and I've taken those into account in reaching my conclusion. But I still think that the revised lending package, plus the sum of £2,000 which Aldermore paid in compensation, does provide a fair and reasonable outcome to this complaint. So I'm sorry to have to tell Mr B that I don't think this complaint should be upheld.

I invited the parties to make any final points, if they wanted, before issuing my 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.

Aldermore acknowledged my provisional decision, and said it had nothing to add. Mr B asked our service to extend the deadline in this case, and I agreed to this. However, that revised deadline has now passed, and nothing has been received from Mr B. I think that it's now appropriate to bring this complaint to a close.

Neither side has offered any further evidence or argument, and I haven't changed my mind. I'll now make the decision I originally proposed.

My final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 13 June 2024.

Esther Absalom-Gough
Ombudsman