

The complaint

Mr and Mrs W have complained that they were given poor customer service by more 2 life Ltd (m2l).

To settle the complaint, Mr and Mrs W would like m2l to pay compensation for their financial losses.

What happened

I will summarise the complaint in less detail than it's been presented. There are several reasons for this. First of all, the history of the matter is set out in detail in correspondence, and in the investigator's letter dated 6 December 2022. All parties have a copy of that letter, so there is no need for me to repeat the details here. I will instead concentrate on giving the reasons for my decision. In addition, our decisions are published, so it's important I don't include any information that might lead to Mr and Mrs W being identified. So for these reasons, I will keep my summary of what happened quite brief.

Through a broker, Mr and Mrs W applied for an equity release lifetime mortgage with m2l. The surveyor who valued the property noticed issues with the property – initially the roof (for which Mr and Mrs W obtained quotations for remedial work). The surveyor thought the property was worth £297,000, but with roof repairs, would be worth the £300,000 that Mr and Mrs W thought the property was worth.

Following this, the business which was providing the funds to m2l (a business which I will call JG) raised additional queries because the surveyor had said the garage conversion didn't comply with building regulations. Ultimately, JG accepted the property as suitable security, but at a valuation of £290,000, £10,000 less than Mr and Mrs W thought the property was worth. Before m2l was able to issue the mortgage offer, their broker put the application on hold and a complaint was made.

In its final response letter m2l didn't uphold the complaint, so Mr and Mrs W raised it with our service. An investigator looked at what had happened, but didn't think m2l had done anything wrong. The investigator explained that m2l was entitled to rely on the opinion of its surveyor in relation to the condition of the property. However, ultimately m2l was willing to make an offer of mortgage, but Mr and Mrs W decided not to proceed.

Mr and Mrs W didn't agree with the investigator's findings. They've said that their complaint is actually that m2l never told them that it wouldn't be able to make an offer for the amount stated on the Key Facts Illustration (KFI).

Mr and Mrs W say that they assumed, once the surveyor had been instructed to carry out a valuation, that m2l had made a decision in principle to lend the full amount. They say that, after the valuation when the property had been down-valued to £297,000, m2l would not at any time after that point have been able to offer the amount shown on the KFI.

As a result, based on a false understanding that they would be able to have the full amount they needed, Mr and Mrs W say they lost out on going to another lender to get an equity release mortgage at the higher figure they needed while interest rates were lower.

Mr and Mrs W have now completed an equity release mortgage with another provider.

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 will explain here that I am only able to look at the actions of m2i in this complaint, not the surveyors (who are independent of m2i) or JG, from which m2i obtains its funding. I appreciate Mr and Mrs W are unhappy that they didn't know m2i was funded by JG, but that's not something I can consider; the way m2i funds its lending is outside the scope of our rules, as it doesn't relate to a regulated activity.

Mr and Mrs W have said that they assumed, once the surveyor was instructed, that m2i had decided to offer them the amount they needed, as detailed on the KFI provided by their broker. They were therefore dismayed to find out that the property had been down-valued.

However, a KFI is exactly what it says – an illustration. Before a mortgage offer could be issued, m2i had to consider the application and ensure it met its lending criteria.

I won't comment on what the surveyor said – because, as a Member of the Royal Institution of Chartered Surveyors, he's not covered by the Financial Ombudsman Service. But m2i was entitled to rely on the professional opinion of the surveyor about what work needed to be done to the roof. Ultimately on 15 July 2022 the surveyor agreed that the property could be valued at £300,000, without any retention for the roofing works.

However, it was JG, not m2i, that then raised further queries about the property in relation to the garage extension being non-compliant with building regulations. As I said above, I can't comment on what JG did, or didn't do, on this application, or its dealings with the surveyor. Ultimately the surveyor revised the valuation to £290,000.

At the point where m2i was ready to issue a mortgage offer, Mr and Mrs W's broker put the application on hold, presumably on Mr and Mrs W's instructions. That was their choice, so m2i never got to the point of issuing the offer. Mr and Mrs W have now taken out a mortgage with another lender, presumably on the advice of their broker.

I'm satisfied that there was no guarantee that m2i would lend the amount stated in the KFI. It was up to Mr and Mrs W's broker to explain that the application was subject to survey, underwriting and meeting m2i's lending criteria, and that a KFI is not a guaranteed offer of loan. The queries raised by the surveyor and JG about the property appear to be legitimate concerns. I'm satisfied that m2i wasn't able to over-ride these and issue an offer for the amount Mr and Mrs W wanted without the approval of JG, as it wouldn't have had the funding to do so.

I appreciate Mr and Mrs W are disappointed that they weren't able to go ahead with m2i, but overall I'm not persuaded that m2i has done anything wrong.

My final decision

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

This final decision concludes the Financial Ombudsman Service's review of this complaint. This means that we are unable to consider the complaint any further, nor enter into any correspondence about the merits of it.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W and Mrs W to accept or reject my decision before 14 August 2023.

Jan O'Leary
Ombudsman