

## **The complaint**

Mr and Mrs W complain that more 2 life Ltd (M2L) failed to treat them fairly when they attempted to port their lifetime mortgage to a new property.

## **What happened**

The facts of this complaint are well known to both Mr and Mrs W and M2L so I've not set them out in detail. I've instead summarised the main points below.

Mr and Mrs W took a lifetime mortgage with M2L in 2018. In late 2021 Mr and Mrs W let M2L know that they wished to port their mortgage to a new property and this process was started.

Mr and Mrs W agreed a purchase price with the seller of their intended property of £280,000 and a valuation was completed by M2L's appointed surveyor in November 2021. This said the estimated value of the property by Mr and Mrs W was £290,000. The surveyor valued the property at less than this with a valuation of £270,000.

The conveyancing process started in December 2021 and M2L didn't issue a mortgage offer until May 2022. When the offer was made it contained an error with Mrs W's first name and still recorded the value of the property as £270,000 despite Mr and Mrs W having agreed a higher price than this with the sellers.

Mr and Mrs W decided they couldn't continue with the port and purchase of the property as they didn't have an offer which matched the value of the property they were intending to purchase. As their existing property had a buyer and was progressing, Mr and Mrs W redeemed their lifetime mortgage with M2L and paid an early repayment charge (ERC) of over £8000. They feel M2L should cover the cost of this as well as other associated costs they say they incurred as a result of the errors made by M2L which led to them being unable to port their mortgage as they wanted.

M2L looked at Mr and Mrs W's complaint and didn't agree it had made any substantive errors. It felt the information provided and relied on in reference to the value of the property they wanted to purchase was fairly considered. As such they didn't think they had made an error when they relied on the valuation of their surveyor. They said it had provided an offer to port the mortgage but Mr and Mrs W chose not to go ahead with this. But M2L felt there were times when their communication could have been better and it recognised how stressful the situation was for Mr and Mrs W and made an offer of £500 to recognise this.

Our investigator looked at this complaint and said he didn't think M2L needed to do anything else. He didn't think it had acted unfairly when it relied on the information of the surveyor when determining what it believed the value of the property to be. The port transaction was reliant on a number of other third parties to provide information and he was satisfied from the actions of M2L that it was actively chasing for information which it said was needed to progress the application. And in the absence of anything else, he didn't think there was sufficient information to say that M2L was the main cause of the delays in the offer being provided.

He felt the offer of £500 for the distress and inconvenience was fair and in line with this Services view on awards of this nature. And as he felt the ERC had been applied correctly, he didn't think it was something that M2L needed to refund, nor did he consider it liable for the additional costs Mr and Mrs W said they incurred as a result.

Mr and Mrs W disagreed with the view of the investigator and asked that the complaint be passed to an ombudsman. They highlighted again that they believed M2L was acting unfairly when it relied on the valuation of the survey for the property's value instead of using the agreed sale price. They don't think M2L should be dictating the price of a property and when the mortgage offer was produced with the lower value on it, they didn't believe it could be proceeded with as the purchase price did not match the seller's price and the contracts did not match up.

They also highlighted concerns over:

- The information relied on by the surveyor and whether the property should be described as ex-council.
- The communication in reference to the service charges at the property and the insistence of M2L's solicitor to see a detailed breakdown of the benefits of the service charge payment.
- That the last-minute offer produced was also invalid because of an error with Mrs W's first name and the repeated issue with the wrong purchase price used as the property value.

Because Mr and Mrs W disagreed, the complaint has been passed to me for 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 decided not to uphold this complaint for much the same reasons as our investigator. I know Mr and Mrs W will be disappointed by this, but I'll explain why I think the offer previously made by M2L is fair and why I don't think it needs to do anything else.

Mr and Mrs W have a number of concerns with the actions of M2L and I'll deal with these in turn. But I think the crux of this complaint is the valuation of the property applied by M2L and the information it relied on when determining this.

M2L is a mortgage lender, but as with most lenders it is not an expert at valuing properties and so, when deciding whether a property can be deemed to provide suitable security for the lending it is willing to provide, it relies on expert advice. The advice should be provided by an expert that is suitably qualified to provide it and M2L can reasonably be expected to rely on such advice.

M2L used a Chartered Surveyor company to value Mr and Mrs W's new property and the surveyor who completed the valuation report was a Royal Institution of Chartered Surveyors (RICS) qualified surveyor. So I think M2L acted reasonably when relying on the valuation reports completed.

The first valuation was completed in November 2021. The value placed on the property, based on all other considerations of the surveyor was £270,000. This was a down value of £20,000 from the valuation placed on the property by Mr and Mrs W and £10,000 less than

the purchase price they had agreed.

M2L used this valuation as the valuation it was working to when determining whether it could port the mortgage. The mortgage terms set out that when the new property is lower in value, M2L can ask that part of the existing borrowing be repaid. Although Mr and Mrs W were paying more for the property and had agreed a price of £280,000, I don't think M2L was acting unfairly when relying on the valuation of its surveyor when deciding whether it agreed on this valuation. It has to be satisfied the property can provide suitable security and it is entitled to rely on the expert opinion of the valuer.

I appreciate Mr and Mrs W have questioned why later there was an indication that the property should be classified as an ex-council. I think this was raised in error after there was confusion based on the previous owner of the property and the scheme they used to help purchase it. I think this added in some delays which could have been avoided and I've thought about this when considering the award for distress and inconvenience. But as the valuation was not impacted by this, I don't think it had any material impact on the decision. And ultimately this point was clarified with M2L being happy the property met its lending criteria.

The mortgage offer does not confirm the purchase price of the property, it instead states the value of the property as determined by M2L. This determines the level of borrowing it is happy to provide. M2L hasn't said the port couldn't go ahead, even if the purchase price was higher. But the amount it would require Mr and Mrs W to repay from their original cash lump sum drawn down was based on the value it placed on the property. And as I've said, I think it acted fairly when reaching this value.

However, I think it should have been made clearer to Mr and Mrs W sooner that the valuation of £270,000 was the value M2L placed on the new property and that any offer for the ported mortgage would be based on this valuation. This would have meant Mr and Mrs W could have decided sooner whether they could still proceed with the reduced lending available based on the mortgage valuation. If they didn't have the additional money available to cover the shortfall, they would have been given notice sooner that the mortgage with M2L would need to be repaid in full or that another property would need to be found.

While I think there could have been greater communication and clarity on what the valuation of the property meant for M2L sooner, it was not something that Mr and Mrs W or their solicitor were not aware of. The valuation had been questioned by them at different points with one of the last times being on 4 May, three weeks before the planned completion. It was explained why this was different to the purchase price, so they were aware of the difference. And as it is not unusual for properties to be down valued, I think it should have been something Mr and Mrs W could have been provided advice on by the other parties to the conveyance.

There was a great deal of time spent during this process while M2L and its solicitor awaited information about the service charge and what this covered. I've not seen that it wasn't chasing this regularly and it is information it was fairly asking for as it had a bearing on how it viewed the property as suitable security. So while I understand the frustration added when there was what seemed like a lot of back and forth on this point, I don't think M2L was acting unfairly.

Taking everything into account, I do think Mr and Mrs W have suffered distress and inconvenience when their port application was not successful. But I don't think it would be fair to say that M2L is wholly responsible for this outcome.

I think M2L acted fairly relying on the valuation provided but when the clarity on next steps

was not provided based on this valuation, distress was caused that could have been avoided. But ultimately, an offer was provided ahead of the planned completion date and M2L had made it clear for some time what value it was placing on the property. Mr and Mrs W decided not to proceed with the port after the offer was received and I'm not persuaded it would be fair to ask M2L to reimburse them for their associated costs. And it follows, that when the port was not completed, the ERC became payable and this has been correctly applied in line with the original mortgage offer.

When the offer was issued it left very little time for Mr and Mrs W to work through what they needed to do if they were to continue with the purchase of their new property. This will have included needing to get the offer reissued without the error with Mrs W's first name. I think this could have been avoided as I've said above and the impact of this is significant. Mr and Mrs W, at very short notice needed to change their plans and move to short term accommodation and this will have understandably been a very stressful time for them. But I think the offer made by M2L of £500 to recognise the impact of this distress and inconvenience is fair. And I don't think, it needs to do anything else beyond this.

### **My final decision**

For the reasons I've explained above, I don't uphold Mr and Mrs W's complaint as I think the offer previously made to put things right is fair and reasonable.

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 13 November 2023.

Thomas Brissenden  
**Ombudsman**