

## **The complaint**

Mrs C complains that more 2 life Ltd withdrew the mortgage offer it had made to her.

## **What happened**

The background to this complaint isn't in dispute. I will summarise it briefly here.

In August 2021, more 2 life issued an offer for a lifetime mortgage to Mrs C. The purpose of the mortgage was primarily for Mrs C to buy a flat.

In September 2021, more 2 life withdrew the offer as there were issues around the tenure of the property. Communication continued between various parties. In November 2021, more 2 life issued a new mortgage offer.

In January 2022, more 2 life said the original valuation had expired. But when a new valuation was completed, it identified that the property was close to commercial premises. This was outside more 2 life's lending criteria and it withdrew the offer. It said it could not proceed with the original product and the only alternative it could offer Mrs C though a different lender didn't provide her with enough money to continue.

Mrs C complains that more 2 life has not treated her fairly. She said more 2 life ought to have told her about its criteria in respect of commercial properties – if it had she would have known that her application had not prospect of success. There was clearly a mistake by more 2 life and the surveyor in the first valuation by not identifying the proximity of the property to commercial premises. It was wrong for more 2 life to place the blame for this on the surveyor – it should have done more to check the full circumstances and location of the flat before making an offer.

Mrs C said this matter has caused her considerable mental distress with physical consequences. She wants it to reimburse the losses she incurred in relation to the abortive purchase and £5,000 to reflect the impact of this matter on her.

The investigator thought that more 2 life was not responsible for the mistake on the first valuation and it accepted it in good faith. Nor did she think that it had unduly delayed things. But it had offered Mrs C £250 to recognise the impact on her. The investigator thought that was fair.

Mrs C did not accept what the investigator said. She made a number of points, including:

- She did everything correctly in using a mortgage broker, acting in line with their instructions and advice on its cost and location. She was not advised about more 2 life's lending criteria.
- The first valuation supported the amount of borrowing. But she received no information from more 2 life about checking the property against its lending criteria. She was not aware that more 2 life had a lending criteria and it should have told her to check the property was suitable. It should also have checked the broker had made her aware of the

criteria.

- There were various delays because the first mortgage offer was withdrawn because there was no management committee for the block of flats. That took some time to remedy. When the new offer was issued in November, again there no mention of more 2 life's lending criteria.
- It was only after she was told by her solicitor that she was ready to complete that she was told a new valuation was necessary.
- It was only a week after the second valuation that she found out that the property was outside more 2 life's lending criteria. It was only at that point she found out that it was available on its website under a section labelled for "agents only". It was clear from the website that the property was not suitable for more 2 life.
- She found another property but it couldn't lend her as much as she wanted. And the thought of starting again from scratch was too much for her. She believes the offer was made in the knowledge that she would refuse it.
- They way she has been treated has had a major impact on her mental and physical health.
- Is she had been made aware of the lending criteria ta the outset she would not have carried on with her application.
- There were a number of failings by more 2 life:
  - It failed to check the information it received from the first surveyor.
  - At no point did it make her aware of its lending criteria. It should tell customers to check.
  - It should require brokers to tell customers about the lending criteria.
  - It was dismissive and showed contempt to her in the sudden withdrawal of the offer. The property was in desirable location and offered little risk to more 2 life.
  - It showed no concern or responsibility for the problems it caused or the impact on her.
  - While the paperwork said it could withdraw the offer that does not release it from its responsibility to its customers when something goes wrong.
- The valuation was not made available to her.

### **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 don't doubt the impact of this matter on Mrs C. She clearly invested a lot of time and energy into finding a new home. And I don't doubt the impact on her when it fell through. I agree with her that she did everything correctly and none of what happened is her fault. So I can

see why she feels that she should be compensated for her losses and the impact on her.

But I'm considering whether more 2 life acted fairly and reasonably – taking into account, amongst other things the relevant rules and regulations, and what I consider to have been good industry practice. Having done so, I agree with the conclusions reached by the investigator. I will explain why.

It was for the broker to recommend a mortgage for Mrs C taking into account her stated needs and circumstances. Whether the property met the lender's published criteria is to some extent part of that. I can't see that more 2 life had any reason to suspect that the property would not meet its criteria based on what it was told. I'd note I'm not making any decision about the advice given by the broker here. It was reasonable for more 2 life to accept that the recommendation from the broker was suitable. It was not required to carry out its own suitability assessment into any aspect of the recommendation.

I would not expect a lender to tell a borrower they should check its lending criteria regarding the property or make sure that a broker had told the borrower about that. There is no requirement in any regulations and it is not in my experience good practice for a lender to do so at any stage of the process. The online guide was to assist mortgage brokers.

A valuation was instructed. The purpose of that was to get an independent opinion on whether the property offered suitable security to more 2 life. So it is at this point that it should have come to light that the property did not meet its lending criteria. But the first valuation did not give more 2 life any reason to think the property was not suitable. It was reasonable for it to rely on what the surveyor said. They were professionally qualified. I don't consider there was any requirement for more 2 life to check what the surveyor had said was correct or carry out its own checks on the property.

I can't comment on the surveyor's actions. It isn't in dispute that in the first valuation they mistakenly did not identify the property was close to commercial premises. But it was a third party that made that mistake – not more 2 life. It is not responsible for the surveyor's mistake. And I've already found it was reasonable for it to rely on their professional opinion.

I accept that it took some time from the offer being withdrawn in September 2021 to a new offer being issued. But I can't see that was a result of any error or delay by more 2 life – it had legitimate concerns about the tenure of the property. There were several parties involved. It was reasonable for more 2 life to require a new valuation before it completed. It is in line with normal practice that a valuation is valid for six months.

I am satisfied that more 2 life was entitled to withdraw the offer when it received the new valuation and found out the property did not meet its lending criteria. It could only withdraw the offer for certain reasons – and I am satisfied that was a legitimate reason for it to do so.

I agree when it withdrew the offer, it ought to have been mindful of Mrs C's position and treated her sensitively. But I think its offer of £250 is fair compensation for any distress caused by the way it dealt with her throughout this process. I would make clear that is not intended to compensate Mrs C for everything she's been through, merely for how she felt she was dealt with when the offer was withdrawn.

It was for more 2 life to decide what types of property it considers acceptable. It isn't for me to interfere in those type of decisions that mortgage lenders make. And I don't consider that more 2 life would be obliged to honour the offer because of what happened, bearing in mind I haven't found that it was its mistake that led to the application being approved in the first place. It was reasonable for it to apply its usual lending criteria.

I can't see that more 2 life's attempt to source alternative finance for Mrs C was not made in good faith. There is no evidence that it deliberately came up with an offer it knew she could not accept.

I am sorry to disappoint Mrs C again. But the evidence I have does not support there was any error by more 2 life in the way it dealt with her application. It follows that I could not fairly and reasonably make a decision that more 2 life should compensate Mrs C for any losses and/or the impact of this matter on her. I consider that £250 is a fair amount to reflect any distress and inconvenience it caused Mrs C during this process – bearing in mind that more 2 life was not responsible for what happened.

### **My final decision**

More 2 life has already made an offer to pay Mrs C £250 to settle the complaint and I consider this offer is fair in all the circumstances. So my decision is that more 2 life Ltd should pay Mrs C £250.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs C to accept or reject my decision before 1 February 2024.

Ken Rose  
**Ombudsman**