

The complaint

Mr W and Miss W complain that Sainsbury's Bank Plc ("SB") caused delays to their mortgage application which led to the purchase of a property falling through. They were able to purchase an alternative property but have said that this caused them distress and they incurred additional costs.

What happened

Mr W and Miss W held a mortgage with SB. The mortgage had a fixed interest rate deal until September 2023, meaning if it was repaid within that time an early repayment charge (ERC) would be payable. However, this would be refunded if the existing mortgage deal was ported to a new property within six months of the mortgage being redeemed.

In 2020 Mr W and Miss W were looking to move house. They contacted SB in June 2020 and said they wanted to port their mortgage, partially reducing their outstanding balance.

In their initial conversations with SB they explained they'd accepted an offer on their house and agreed a sale. And they had made an offer for a new property. SB gathered information about their financial situation but said it wouldn't proceed or provide advice until the purchase of their new property was agreed.

On 18 June 2020 Mr W and Miss W confirmed they'd agreed a purchase price for a new property. And a formal application was made. It was discussed during that call that a sale date had been agreed for their existing property. But Mr W and Miss W acknowledged the sale and purchase were not likely to complete simultaneously, and they had planned for this and would be staying in temporary accommodation, as the new property required renovation.

On 7 July 2020 SB requested additional information around income to support the application. At that point Mr W and Miss W mentioned that they were being pressured by the vendor for progress.

SB's underwriters decided they were satisfied the mortgage was affordable. The next stage was for a valuation to be carried out on behalf of SB. Mr W and Miss W paid a £365 valuation fee.

Mr W made several calls to SB on 15 July 2020. He explained that the vendor was pressuring he and Miss W to arrange a date for the valuation that day, or they'd withdraw from the sale. He acknowledged this wasn't entirely reasonable but asked SB to do what it could. SB fast tracked the arrangement of the valuation and a date for this was set.

The sale of Mr W and Miss W's existing property completed on 28 July 2020. They paid an ERC as part of the redemption.

On 29 July 2020 SB indicated, as it now had all of the information it needed including a satisfactory valuation, it'd be issuing a mortgage offer the next day. But on 30 July 2020 SB contacted Mr W to say it needed written confirmation of his current, temporary

correspondence address in order to send out the mortgage offer. This was because, as the sale of their previous property had now completed, it no longer had a valid address for him. SB failed to explain though that Miss W also needed to sign and confirm the new address.

Mr W sent a letter to SB by recorded delivery which was received on 31 July 2020. As it hadn't received written confirmation from Miss W of the new correspondence address it requested this on 3 August 2020 – the next working day.

Mr W and Miss W complained about not having been told on 30 July 2020 that they both needed to provide this information to SB. They were concerned that the delay would lead to the vendors withdrawing from the sale.

SB acknowledged it had made an error when speaking to Mr W on 30 July 2020, apologised and offered them £50 for the upset caused. But it said it still needed written confirmation from Miss W of her correspondence address before it could issue a mortgage offer.

This was provided on 4 August 2020 and a mortgage offer was issued on 7 August 2020.

Mr W and Miss W have said that due to this delay, the vendor withdrew from the sale and re-marketed the property.

They made an offer on a different property, which was accepted. And a new application to port their mortgage was made. As part of this a new valuation was required, meaning Mr W and Miss W incurred another charge of £365. The mortgage application was approved, and the purchase of this alternate property was completed in November 2020, with the relevant portion of ERC being refunded.

Mr W and Miss W remained unhappy with SB's response to their complaint and asked our service to consider it. They said they'd been clear with SB that they needed the application to be completed promptly as the vendors had set them a short timeframe to complete. They said the error made by SB, and the delay caused, had directly caused the failure of the original purchase. They explained this had caused them distress and meant they'd incurred more costs than they should've done due to having to duplicate processes for their alternate purchase – in particular the £365 valuation fee and solicitor's search costs. So, they wanted SB to cover these costs and increase the payment it'd made for the upset caused.

One of our Investigator's considered the complaint and felt it should be upheld. She thought SB should refund £365, to cover the cost of the second valuation, and pay £750 for the distress and other costs caused.

SB did not agree with the Investigator's opinion. It said it didn't believe we could say with certainty that the short delay had caused the vendor to withdraw from the sale – and noted that the Investigator had acknowledged this in their opinion letter. So, it didn't think it was fair to hold it responsible to the extent the Investigator had recommended. It said it would now agree to pay £250 for the upset caused – which it felt was fair. As SB did not agree with our Investigator's opinion, the complaint was passed to me to decide.

I arranged to request some additional information. We asked Mr W and Miss W for some evidence, such as copies of correspondence between them, their solicitors, the vendors of the original property or their agents, to show that the short delay by SB at the end of the application process had caused the house purchase to fall through. But Mr W and Miss W were unable to provide copies of any correspondence showing this.

I issued a provisional decision earlier this month explaining that I thought the offer of £250 now made by SB was fair, so I didn't intend to require it to do more. Below are extracts from

my provisional findings, explaining why I thought this.

In order to uphold this complaint I have to establish, based on the evidence and information provided, that an error has been made by SB, what the impact of that error was and that the error has caused a loss.

I've considered the whole application and all of the available evidence - including recordings of the conversations Mr W and Miss W had with SB over the course of the application, which I've listened to.

Mr W and Miss W initially said they wanted to port their mortgage on 3 June 2020. An appointment was arranged promptly with an adviser just over a week later. But by that point they hadn't agreed the purchase of a new property, so the exact details of the proposed transactions were unconfirmed. SB said it needed these before it could assess an application – which I think is reasonable.

Mr W and Miss W had an offer accepted on a property on 18 June 2020 and spoke to SB the same day to provide details of this and for the application to be made. SB explained at that point that normal processing times for applications could be between 10-12 weeks. And

Mr W and Miss W raised no concerns with this.

As part of the application SB had to request supporting information about Mr W and Miss W's income. It also needed to arrange a valuation of the property to ensure it was a suitable security. All of which I believe is reasonable.

A mortgage offer was produced and provided on 7 August 2020 – just over seven weeks after the application was formally made.

Mr W and Miss W have said they informed SB that they were being put under a time pressure from the vendors and this needed to be dealt with swiftly. From the information provided the first time that this was discussed appears to have been on 7 July 2020. Mr W and Miss W did remind SB of the pressure they were receiving on several occasions. It doesn't appear though that a firm deadline date was ever set by the vendors – or at least this wasn't discussed with SB. Rather at each stage, after the underwriters had decided the mortgage was affordable, the vendors wanted the other relevant processes to be completed as a matter of urgency and said they'd withdraw from the sale if they were not.

I appreciate Mr W and Miss W felt under pressure and were keen for the matter to proceed. But SB was entitled to follow its relevant processes and determine if the lending met its criteria. SB wasn't responsible for creating the time constraints, it was clear about its usual processing times and it didn't agree at any point that the mortgage offer would be provided by a set date. I think SB did try and help and I can see it did treat the request as urgent on several occasions – most notably arranging the valuation of the property quickly. So, I think it did genuinely try to assist Mr W and Miss W with the issues they were having. And given that the mortgage offer was produced in just over seven weeks, I don't think the application on the whole was handled unreasonably.

SB did make a mistake when speaking to Mr W on 30 July 2020 – and it has acknowledged this. And that was that it didn't make it clear that the written confirmation of the new correspondence address would need to also be signed by Miss W.

I know Mr W and Miss W were unhappy at having to provide this confirmation in writing at all. But SB is entitled to set its own processes and I can't say it has acted unfairly by requiring these to be followed. I also thought about whether SB should've requested details

of the temporary address sooner than it did – as it seems to have been discussed at several times during the application that the sale and purchase were unlikely to be simultaneous. But SB didn't know when the mortgage offer was going to be issued. And until the sale of the existing property had completed, it didn't know for certain that it was going to need alternative contact details. So, I think it's reasonable that SB didn't ask for this information sooner than it did.

SB explained on 30 July 2020 that it needed written confirmation of Mr W's new correspondence address in order to send out the mortgage offer. Mr W sent a letter confirming this on 31 July 2020. But SB also needed confirmation from Miss W, so it contacted her on 3 August 2020 – the next working day – to explain this. The relevant information was received on 4 August 2020. And a mortgage offer was then issued three working days later on 7 August 2020.

Had SB correctly explained that both Mr W and Miss W needed to sign the confirmation of address on 30 July 2020, this could've been done within the same letter and the relevant information would've been received by SB on 31 July 2020. I think it is reasonable to assume that the mortgage offer would've taken the same amount of time to produce, so this would've been issued three working days later – on 5 August 2020. So, the impact of SB's mistake was that the mortgage offer was delayed by two working days.

Mr W and Miss W have said that this caused the purchase of the property to fall through and meant the costs they'd already paid in respect of this application – the valuation fee and some solicitors costs for searches – were lost. And this also caused them distress.

The valuation and solicitor's costs, including searches, would always have needed to have been paid for the application to proceed. And there was always a risk that these could be lost – as the application could've been declined or the seller could've withdrawn at any stage, as they did do here. And while I don't doubt that the application process was stressful, I think a lot of the stress Mr W and Miss W experienced seems to have come for their interactions with the vendor. In their conversations with SB they acknowledged that it was the vendor putting pressure on them and on several occasions noted they were grateful for the level of service SB was providing.

But in any event, in order to hold SB responsible for this, I'd have to be satisfied that the error it made, and the two working day delay, had caused the loss to be incurred – through the purchase falling through, when it wouldn't otherwise have done so.

While Mr W and Miss W have said this error caused the purchase to fail, they haven't been able to provide any evidence to support this – such as correspondence from the selling agent, their solicitor or the vendors themselves setting out deadlines or the reasons for the contract being withdrawn. And given what Mr W and Miss W told SB during the course of the application about the vendors regularly changing demands, I think it is reasonable to say that the vendor doesn't appear to have been as committed to the transaction proceeding and may've always intended to re-market the property. So, based on what I've seen so far, I can't reasonably say that the error SB made, was the cause of the purchase falling through.

I do accept it would've been upsetting and frustrating for Mr W and Miss W to find out on 3 August 2020 that they'd not been given all of the relevant information in the calls that had taken place several days earlier, on 30 July 2020. Particularly at what was already a stressful time. In response to our Investigator's opinion, SB has offered to pay £250 for the upset it had caused. And in the circumstances, I think that offer is fair.

Responses to my provisional decision

I gave both parties an opportunity to make further comments or send further information before I reached my final decision.

SB said it agreed with my provisional decision.

Mr W and Miss W said they were very disappointed with my provisional findings. They said that SB making an offer indicated it had made a mistake. And they didn't think it was fair that it was not therefore being required to cover their costs.

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 considered everything again, as neither party have provided me with any additional information to take into account, I'm not inclined to depart from my provisional findings.

As I said in my provisional decision, although overall I think SB handled the application fairly and reviewed it promptly, at the end of the application process it did make an error, that caused a delay of two working days to the offer being produced. Which SB has acknowledged. So, there is no dispute that it did something wrong. But again, as I said in my provisional findings, I'd have to be satisfied that this error caused a loss in order to fairly require SB to cover this.

I acknowledge Mr W and Miss W have had to pay additional costs in relation to the alternate property they eventually moved to. But for the reasons I set out previously, I can't reasonably say what SB did wrong caused the initial house purchase to fail. And I haven't seen anything that leads me to alter my conclusions on this point. So, I don't agree that what it did wrong caused these costs. And so, I don't think it would be fair to hold SB responsible for those costs.

The error made did cause Mr W and Miss W upset at an already stressful time. But I think the offer SB has now made – to pay £250 for the upset caused – is a fair way to address this.

My final decision

Sainsbury's Bank Plc has already made an offer to pay £250 to settle Mr W and Miss W's complaint. For the reasons I've explained, I think this offer is fair in all the circumstances.

So, my decision is that Sainsbury's Bank Plc should pay £250.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W and Miss W to accept or reject my decision before 17 May 2022.

Ben Stoker
Ombudsman