

The complaint

Mr B and Mrs D complain about delays caused by Melton Mowbray Building Society trading as The Melton Building Society when they applied for a buy to let mortgage. They say this led to their purchase falling through. Mr B and Mrs D ask that The Melton Building Society (which I'll refer to as the Society) compensates them for the costs related to the purchase.

What happened

Mr B and Mrs D applied to the Society for a buy to let mortgage in October 2020. They say there were delays throughout. It was two months before the valuation was booked. They received a mortgage offer in early February 2021, which was incorrect, and a corrected one two weeks later. There was then an issue with the property that they wanted to check the Society was happy about. While they were waiting for a response, the vendors pulled out of the sale. Mr B and Mrs D say this was because of the delays.

Our investigator said the Society had caused delays and its service was poor. She said it should pay compensation of £300 (which the Society agreed to do). The investigator didn't recommend that the Society pay all of Mr B and Mrs D's costs as she wasn't certain the delays were the only reason the purchase fell through.

Mr B and Mrs D didn't agree. Mrs D said they'd provided evidence that the delays were the reason their purchase didn't proceed.

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.

In response to the investigator's view, Mrs D said the complaint should be determined based "purely on facts and evidence provided by myself of what actually happened, rather than pure speculation". I should say that this service is neutral and we consider comments and evidence from both parties. I should also say that where the evidence is incomplete, inconclusive or contradictory, I reach my decision on the balance of probabilities – in other words, what I consider is most likely to have happened in light of the available evidence and the wider circumstances.

Mr B and Mrs D applied to the Society for a buy to let mortgage in October 2020. They paid the application fee and valuation fee on 21 October 2020. The Society issued a mortgage offer on 4 February 2021, although this contained an error and was re-issued on 22 February 2021. The overall time taken to issue a correct mortgage offer was about four months. An issue with the property then came to light which the solicitor raised with the Society. Mr B and Mrs D told the Society at the end of February 2021 that the vendors had pulled out of the sale.

While this timeframe was longer than usual for a mortgage application, having looked at the evidence I don't think this was entirely due to errors by the Society.

I've listened to recordings of calls with Mrs D and the Society. In October 2020 Mrs D said she didn't want to pay for a valuation until the Society had agreed to lend. The Society said it wouldn't instruct the valuation until it had assessed the application. It said once the application fee was paid the application would be passed to an assessor. It said the assessor would ask for the documents it needed. Mrs D asked how long the assessment would take and the Society said this would depend on the application and the assessor would be better placed to answer this question.

There were some issues with certifying identification documents as Mrs D had to isolate. There was a change in the property Mrs D and Mr B intended to buy in November 2020. Mrs D says it took two weeks after the Society was told about this to say they needed to complete a form. The Society's assessor said this might have been a breakdown in communications between the Society and Mr B and Mrs D's broker.

The Society instructed a valuation on 2 December 2021. It chased the valuers and noted on 14 December 2020 that a valuation appointment was booked for 4 January 2021. The Society's notes suggest the delay in booking the valuation was because the valuer had difficulty reaching the vendor's agent to book the appointment. While Mr B and Mrs D would have preferred the valuation to take place sooner, I don't think it's fair to say that the Society delayed instructing the valuation.

The valuation was lower than expected and the Society reduced the amount it would lend. Mr B and Mrs D's broker told the Society that Mr B and Mrs D were trying to renegotiate the purchase price. On 18 January 2021 the broker confirmed Mr B and Mrs D's purchase would continue at the agreed price and with the lower loan amount. Mrs D says this shouldn't have caused a delay as they realised very quickly that the difference between the purchase price and valuation was because the property was sold with furniture and they were happy to pay for this. However, given the lower valuation and the reduction in the amount the Society would lend, I think it was fair for the Society to wait for the broker to confirm that Mrs D and Mr B would proceed on this basis.

A mortgage offer was issued on 4 February 2021. On 10 February 2021 Mr B and Mrs D's solicitors contacted the Society saying they hadn't received it. The Society's records show that Mr B and Mrs D had instructed different solicitors from the firm of solicitors named in the mortgage application. Mrs D says they didn't appoint solicitors until 12 November 2020. Either way, I haven't seen evidence that the Society was given correct details for Mr B and Mrs D's solicitor before it issued the mortgage offer. The Society issued an amended mortgage offer on 22 February 2021.

On 24 February 2021 the solicitor sent an email to the Society as a search had revealed information about the property that they thought the Society should be aware of. The Society checked this with the valuer who confirmed on 26 February 2021 it didn't change the valuation. However, Mrs D told the Society on 27 February 2021 that the vendors had pulled out of the sale. So even if the Society had dealt with this issue more promptly it seems unlikely the mortgage would have completed before the vendors pulled out.

The Society called Mrs D on 3 March 2021. It said it could accelerate completion if the vendor agreed to go ahead.

I think there were times when the Society could have moved things along more quickly. But some of the delays – almost five weeks for the valuation to take place after it was instructed, two weeks for Mr B and Mrs D to confirm the basis on which they'd proceed after the valuation was lower than expected, over a week due to the change of solicitors and the issue with the property which came to light after the mortgage offer – were outside its control. This accounted for more than half of the four-month timeframe between the application and the

vendors pulling out the sale.

I must also fairly take into account that this was a busy period for mortgage lenders. The Society says it had higher than normal levels of applications and staffing issues due to the pandemic.

It's difficult to know for sure why the vendors pulled out of the sale. I can understand if the vendors were frustrated with the time the matter had taken. However, by early March 2021 a mortgage offer was in place and the Society offered to expedite completion (provided it received the certificate of title from the solicitor). So the mortgage process wouldn't have stopped the vendors completing the sale within the next few days if they'd wanted to. Only the vendors know why they didn't proceed with the sale at that time.

But even if I could fairly find that the long timescale was the reason the vendors pulled out of the sale, I don't think it would be fair to say the Society was responsible for this. As I've said, I don't think the Society was responsible for all, or even most, of the delays.

Putting things right

I don't think it's fair and reasonable to require the Society to refund all of Mr B and Mrs D's costs. These were costs they incurred in the usual process of buying a property and I don't think the Society was responsible for the vendors pulling out of the sale.

While Mrs D and Mr B found the application process stressful, I have to take into account that property purchases are often stressful and some of the issues here (such as the wait for the valuation to take place) weren't due to errors by the Society. And this was a buy to let property – a business investment. That said, there were times when I think the Society could have moved things on more quickly – for instance it could have sent a revised mortgage offer out more quickly after it was told about the change of solicitors. The Society accepts that high numbers of applications affected its processing times. I think for the additional upset this caused £300 is fair and reasonable compensation in the circumstances.

My final decision

My decision is that I uphold this complaint and order Melton Mowbray Building Society to pay £300 to Mr B and Mrs D (if it hasn't already done so).

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B and Mrs D to accept or reject my decision before 19 May 2022.

Ruth Stevenson
Ombudsman