

## **The complaint**

Mr and Mrs I complain about unnecessary delays when they applied to port their mortgage with Nationwide Building Society. They say they had to apply to another lender. Mr and Mrs I ask for compensation for their financial loss, including the early repayment charge (ERC) they paid to Nationwide, and their stress and anxiety.

## **What happened**

Mr and Mrs I had a mortgage with Nationwide. They wanted to move home and in March 2021 applied via a broker to port their mortgage and take out additional borrowing. They say they were asked for the same information and documents more than once. Nationwide required a structural survey, which Mr and Mrs I say was unnecessary.

Due to the delays, Mr and Mrs I decided to apply elsewhere. They say another lender made a mortgage offer before Nationwide had completed its process (which by this time had taken nine weeks). Mr and Mrs I decided to proceed with the other lender. However, they had to pay a £380 broker fee and £2,300 ERC, as well as the cost of the structural survey.

Nationwide said it had asked about school fees and for a visa more than once. It offered £75 compensation.

Our investigator said Nationwide's offer of compensation was fair. The investigator said it was reasonable for Nationwide to ask for a structural survey, and this meant the application took longer than usual. Our investigator said that Nationwide hadn't received a request from the broker to escalate the application.

Mr I said the investigator hadn't taken all of the errors made by Nationwide into account, or the stress it caused them. He said £75 wasn't adequate compensation. He said while Nationwide might have been at the point of issuing a mortgage offer when they decided to go elsewhere, after nine weeks of errors they'd lost trust in Nationwide.

## **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.

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.

The time taken by Nationwide to process Mr and Mrs I's application is important to the outcome of this complaint. So I've set out briefly what happened.

Nationwide's records show it received Mr and Mrs I's application and supporting documents on 9 March 2021. It asked the broker for information about payments for school and nursery fees on 10 March, and chased the broker for this on 17 March 2021. Mr and Mrs I's responses were received on 18 and 22 March 2021. While Mr and Mrs I said the nursery

fees would end soon as the child at nursery would be school age, Nationwide wanted to check if this meant an increase in school fees. This was resolved by 24 March 2021. Nationwide says it asked for the same information on two occasions. However, given the matter was resolved on 24 March 2021, any delay this caused can't have been for more than a few days.

A valuation was carried out on 6 April 2021. The valuer said the property wasn't suitable security, but this could change with a structural survey. Nationwide informed the broker of this on 7 April 2021.

Mr and Mrs I arranged a structural survey. Nationwide says it received the structural survey report on 23 April 2021. It sent the report to its valuers, who confirmed the valuation and that the property was suitable security on 30 April 2021. Nationwide says once it received the report it acted within its usual time scales.

On 6 May 2021 Nationwide asked for Mrs I's visa. It already had this. Its records show this was resolved on 7 May 2021. Nationwide's notes show it approved Mr and Mrs I's application on 10 May 2021. Later the same day however, Nationwide was told Mr and Mrs I had decided to go elsewhere.

*Was it fair and reasonable for Nationwide to ask for a structural survey?*

Nationwide asked for a valuation of the property. This was so that it could assess whether the property was suitable security for the loan. It instructed a qualified surveyor, a member of RICS, and I think it was entitled to rely on the valuer's expert opinion.

The valuer said there were cracks which could indicate movement. The valuer said the property wasn't suitable security, but this could be re-considered with a structural survey.

Mr and Mrs I say the property was sound and the structural survey was unnecessary. But I don't think it's reasonable to say that Nationwide should have proceeded without a structural survey, given the advice from its valuer. It was for Mr and Mrs I to decide whether to pay for a structural survey so that their application could proceed. I don't think it's fair and reasonable in the circumstances to require Nationwide to compensate Mr and Mrs I for the cost of the survey.

*Was it fair and reasonable for Nationwide to apply the ERC?*

Mr and Mrs I took out a fixed interest rate mortgage product in 2019. An ERC applied if the mortgage was repaid before January 2022. This was set out clearly in the product offer in the form of a table. Mr and Mrs I repaid the mortgage during the product term and Nationwide applied the ERC, as it was entitled to do under the mortgage terms and conditions.

Mr and Mrs I say it's unfair for Nationwide to apply the ERC. In effect, they say they had to borrow elsewhere because of Nationwide's errors and delays.

There was almost nine weeks from the date of Mr and Mrs I's application to the date it was approved. This was longer than the average time, and certainly longer than Mr and Mrs I were happy with. That doesn't necessarily mean that Nationwide made errors, or if it did that these errors were the only or main reason for the application taking this amount of time.

I need to take into account that it took over three weeks (between 6 April and 30 April 2021) for the structural survey to be carried out and for the valuer to confirm the property was suitable security. As I've said, I don't think it's reasonable to say that Nationwide should have

proceeded without the structural survey. Mr and Mrs I's application was approved five working days after the valuer said the property was suitable security and confirmed the valuation.

Nationwide accepts it asked for information it already had on two occasions. I don't think this caused delays of more than a few days.

Mr and Mrs I's solicitors wrote to Nationwide on 5 May 2021 saying they were ready to exchange contracts and had a deadline to exchange of 14 May 2021. Nationwide approved the application on 10 May 2021. Had Mr and Mrs I continued with Nationwide, I think it would have provided a mortgage offer in time for them to exchange contracts on or before 14 May 2021. Overall, taking into account the time taken with the valuation and survey, I don't think the timescales were so unreasonable as to make it fair and reasonable to require Nationwide to refund the ERC.

### **Putting things right**

Nationwide offered £75 compensation for asking for information it already had. While this was no doubt frustrating, I don't think this caused significant delays or inconvenience to Mr and Mrs I. I think the compensation offered is fair and reasonable for any upset and inconvenience caused.

I appreciate that Mr and Mrs I don't agree that a structural survey – which added both to the cost and the time taken to process their application – was necessary. But I think Nationwide was entitled to say it wouldn't proceed without this. I don't think it's fair and reasonable to require Nationwide to compensate Mr and Mrs I for the cost of the survey.

If Mr and Mrs I hadn't cancelled their application I think Nationwide would have issued a mortgage offer in time for them to exchange contracts. While Nationwide made errors, I don't think they were so concerning as to make it impossible or unreasonable for Mr and Mrs I to proceed. Ultimately, it was for Mr and Mrs I to decide whether to proceed with Nationwide or the other lender, taking into account the relative costs of the interest rates offered, brokers or other fees and the ERC.

It follows that I don't think it's fair and reasonable in the circumstances to require Nationwide to refund the ERC or pay compensation to Mr and Mrs I for the cost of the structural survey or any fees they paid to their broker.

### **My final decision**

My decision is that Nationwide Building Society should pay £75 to Mr and Mrs I, as it offered to do.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs I and Mr I to accept or reject my decision before 6 May 2022.

Ruth Stevenson  
**Ombudsman**