

The complaint

Miss H complains about the service Nationwide Building Society provided during her mortgage application process and when releasing the mortgage funds.

What happened

Miss H applied for a mortgage for a new property with Nationwide Building Society in October 2021. Nationwide offered to lend her £185,000. She was due to exchange and complete the sale of her existing property and the purchase on 4 February 2022.

In late January Miss H's solicitor let Nationwide know that the deposit was being gifted to her. Delays in processing that information led to Nationwide reassessing her mortgage application, and declining to lend the amount of the original offer, shortly before completion was due to take place.

Miss H's solicitors weren't able to access the funds as they'd expected. A message sent to Miss H's mortgage adviser on 3 February had advised there was a problem with the amount Miss H was borrowing. But the mortgage adviser was on leave and the message wasn't passed on to Miss H. She tried unsuccessfully to get in touch with the alternative contact Nationwide gave her by phone to find out what had happened. In the end she had to leave work to go into a Nationwide branch to try and resolve things.

Miss H was able to go ahead based on the reduced amount Nationwide would lend, but she had to find additional funds elsewhere. And she questioned if Nationwide's delays had caused the offer to be reduced unnecessarily.

Nationwide had to issue a new offer for the reduced amount, which threatened to delay completion of the property transactions. They were able to issue one in time. But a processing problem meant funds weren't released on the morning of completion as Nationwide said they had been. Instead they were available in the late afternoon. The delay meant the transactions didn't go ahead that day. Miss H and her family had to spend the weekend living in the house they'd already packed up. And they had to buy essential items and spend money on eating out.

Miss H complained to Nationwide about what had happened. She said she and her family had suffered a great deal of distress because of Nationwide's mistakes and the poor service they provided throughout the mortgage application process. And the weekend they spent in their unfurnished property was uncomfortable and distressing. Nationwide acknowledged the poor service they'd provided and initially offered Miss H compensation of £375 made up of £250 compensation and £125 expenses. Nationwide said they'd consider paying additional expenses if Miss H provided evidence of those she'd incurred. And their underwriters would review whether their decision to offer a reduced mortgage was correct. They later confirmed it had been.

Miss H didn't accept Nationwide's offer of compensation or the increased offers they made. She brought her complaint to the Financial Ombudsman. Our investigator thought it was fair for Nationwide to pay Miss H £550 compensation for distress and inconvenience, the £125

for expenses Nationwide had offered and any further expenses Miss H had incurred if she could provide a valid receipt.

Nationwide agreed, but Miss H didn't accept our investigator's view. She thought the compensation ought to reflect the difference between the mortgage Nationwide had originally offered her and the amount they agreed to lend in the end, around £7,000, given she'd had less than 24 hours to find that amount to save her sale and purchase. Since Miss H didn't accept our investigator's view, her complaint's been passed to me for a final 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 appreciate Miss H's strength of feeling about her complaint. I agree Nationwide provided poor service. I don't set out here everything that happened as it's well known to the parties. But, by way of example:

- Although they didn't become aware Miss H would be receiving gifts towards the deposit on her purchase until late January, Nationwide didn't process that information quickly enough given their own timescales and the planned completion date they were aware of. Miss H and her solicitors had to chase for progress to be made.
- Nationwide didn't let Miss H know they'd need to issue a revised offer. She spent time and effort trying to get through on the phone to Nationwide on 3 February to find out what had gone wrong with the funds. And, in the end, she had to visit branch to resolve things.
- An issue within Nationwide meant the mortgage funds weren't released until late in the day on the day of exchange and completion. The transaction didn't complete that day as funds didn't clear up the chain of buyers and sellers.

Nationwide agreed the waiting times on their telephone lines were long; there'd been a delay in processing the gift information; they'd failed to pass on information about the mortgage offer to Miss H when her mortgage adviser was on leave; and they hadn't taken ownership of the application. They acknowledged they'd upset Miss H further when communication during the complaint handling process had been unprofessional.

Miss H's complaint is about the service she received. I note she questioned if Nationwide's mistakes had led to her mortgage offer reducing. And Nationwide confirmed the gifts had affected the amount they were prepared to lend. I acknowledge she was put in a difficult position in having to find the difference between her original and revised offers. But we wouldn't assess compensation by reference to that figure as Miss H feels would be fair. We consider what's fair and reasonable based on the impact Nationwide's mistakes had on her, bearing in mind her individual circumstances.

I've considered everything Miss H has told us about that. I can understand she suffered a great deal of distress as a result of the delays and poor service Nationwide provided from late January up to the sale completing in early February. She's explained her worry about losing the sale and purchase altogether and pressures being put on her by other parties involved in the sale and purchase chain. She's told us about the effect her own health condition and the particular needs of a family member had on the level of stress she suffered. I can understand being forced to spend a weekend in an unfurnished house will have been particularly uncomfortable and difficult. And Miss H had to buy essential items for

her family, and they had to eat out instead of preparing meals at home which caused extra expense.

Bearing everything in mind, it's fair and reasonable for Nationwide to pay compensation to Miss H for distress and inconvenience, as they've acknowledged. And I think the level of compensation our investigator recommended is appropriate in all the circumstances.

Putting things right

I think it's fair and reasonable for Nationwide to pay Miss H £550 compensation for distress and inconvenience plus the £125 they've already offered for her expenses. If Miss H has incurred expenses exceeding £125, Nationwide should pay the additional amount if Miss H can provide evidence, such as receipts, for the expenses she incurred.

My final decision

I direct Nationwide Building Society to pay Miss H a total of £675 to include £550 compensation for distress and inconvenience and £125 for the expenses she incurred. If Miss H can provide evidence she incurred expenses exceeding £125, Nationwide should then pay the additional amount.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss H to accept or reject my decision before 22 September 2022.

Julia Wilkinson
Ombudsman