

The complaint

Mr and Mrs P's complaint is about delays in the processing of their mortgage with Nationwide Building Society in 2021, which meant that they had to pay £10,000 stamp duty on the purchase. They are also unhappy with the advice they were given by Nationwide to enable them to arrange a household insurance policy, which was needed for the mortgage to progress, and that Nationwide didn't respond to their letters of complaint.

What happened

On 18 March 2021 Mr P started the application process with Nationwide. They wanted to port their existing later life mortgage to a new property, and borrow further funds for the purchase. A decision in principle was agreed on 22 March 2021 and Mr and Mrs P were provided with an illustration for the new mortgage on 1 April 2022.

The application was assessed and on 13 April 2021 Nationwide commissioned a valuation of the property Mr and Mrs P wanted to buy. It passed the application to its solicitors (E) at the same time.

On 16 April 2021 E sent Mr and Mrs P's solicitors a letter and a pack of documents that needed completed and returned.

On the same day, Mr P had a conversation with Nationwide in which it suggested that he attempt to get a copy of the lease on the new property, and details of the charges associated with it. It said that if this was provided it would speed up the process, as it wouldn't need to wait for the land registry to provide the information. Mr and Mrs P have said the information was provided three days later, but there is no record of its receipt in the information Nationwide has provided.

On 27 April 2021 the valuation was completed. However, due to an administrative issue, the mortgage wasn't approved immediately. The mortgage offer was produced and sent to Mr and Mrs P on 12 May 2021 with an expiry date of 23 June 2021. Unfortunately, there was then a delay in Nationwide providing E with a copy of the offer. E was given a copy on 19 May 2021 and E then emailed and faxed a copy to Mr and Mrs P's solicitors on 27 May 2021.

In the meantime, E had chased Mr and Mrs P's solicitors three times for a copy of the contract for the purchase of the new property.

On 1 June 2021 Mr and Mrs P's solicitors informed Nationwide that the purchase wouldn't complete before 23 June 2021. It asked about extending the date on the offer.

On 15 June 2021 a discussion was had between E and Mr and Mrs P's solicitors about whether it would be possible to complete by the end of June 2021. E set out what it needed to do before a completion date could be agreed. It said it still hadn't had the title documents, and once they were received, it would then need to carry out a title check, raise any enquiries and deal with the replies. Mr and Mrs P's solicitors were told that it was unlikely that completion would be authorised before the end of the month. A further copy of E's letter

of 16 April 2021 and the associated pack was sent to the solicitors that day and the solicitors sent E a copy of the purchase contract.

The following day a new mortgage offer was produced. It had an expiry date of 28 July 2021.

On 24 June 2021 Mr and Mrs P complained to Nationwide that, what they described as its inefficiency, meant that their purchase wouldn't happen before the end of June and so they would need to find an additional £10,000 for stamp duty.

By this point, the title documents had been received by E and had been referred to the relevant team for the title check to be done. Off the back of the title check, further enquiries were sent to Mr and Mrs P's solicitors on 8 July 2021. A revised mortgage offer was also issued to Mr and Mrs P on 9 July 2021.

On 23 July 2021 E identified a problem with one of the forms Mr and Mrs P's solicitors had previously sent it. A revised form was sent to the solicitors for completion.

It was not until 9 August 2021 that E received the last of the answers to its enquiries of 8 July 2021. However, there was still outstanding documentation at this time and E chased provision of original documents.

On 18 August 2021 Nationwide issued a complaint response regarding the concerns Mr and Mrs P had raised about the delay in them receiving the extension to the mortgage offer and the service they had received from E. Nationwide confirmed that there had been a delay in the offer being produced and checked. However, it pointed out that E was still awaiting original documents from Mr and Mrs P's solicitors. Nationwide confirmed that the case was being treated as urgent to ensure completion as soon as possible. In order to compensate Mr and Mrs P for the poor service they had received, Nationwide offered them £150.

On the same day, E confirmed that the answers to the last of the queries were satisfactory. However, it still needed Mr and Mrs P's solicitors to provide documents for the mortgage to progress. These being the signed offer acceptance, the original of letter of undertaking, the original of the SHIP certificate, the original of ID verification form and the original certificate of buildings insurance. The SHIP certificate was the document E had identified a problem with in July 2021 and sent a new one for completion.

Mr and Mrs P raised concerns on 19 August 2021 about being required to provide a buildings insurance policy schedule, when the date of exchange and completion were still unknown. Nationwide responded the following day and confirmed that E had said it could make receipt of the completed insurance certificate a pre-completion requirement, but on the understanding that it wouldn't be able to ask Nationwide to draw down the mortgage funds until it had received the document. So Mr and Mrs P's solicitors would need to ensure that the certificate was forwarded promptly following exchange and ensure that it was completed fully and correctly to make sure that it didn't cause any problems/delays with completion. Nationwide then explained that purchasers tended to deal with the need to have an insurance policy before exchange by giving their insurers a provisional start date for the policy in the future and then correct the start date once the exchange date was confirmed.

Later that day Mr P told Nationwide that his insurer had told him that it would not allow him to insure a property he didn't own, and insurance could only be in place from the date of exchange. As they didn't have an exchange date, they couldn't arrange insurance. He asked that E sign off the mortgage so an exchange date could be arranged. It doesn't appear that Nationwide responded.

On 20 August 2021 E received the original documentation it required from Mr and Mrs P's solicitors. However, there remained a problem with the SHIP certificate and it needed to be replaced. This was not received until 26 August 2021, which meant that completion couldn't happen before the mortgage offer expired.

A further extension to the mortgage offer was needed, which involved Mr and Mrs P having to sign a new acceptance form. However, it was not until 1 September 2021 that the extension was confirmed. The mortgage completed on 9 September 2021.

On 22 August 2021 Mr and Mrs P complained again. They said that they were again back in the same position – needing an extension to the offer and nobody seeming to be able to tell them if it had been agreed. They said that Nationwide had missed from the original complaint their point about the delay in providing an extension to the offer and that these delays had meant that they missed the stamp duty holiday.

Mr and Mrs P wrote to Nationwide about their complaint again on 2 September 2021, 8 September 2021 and 1 November 2021. Nationwide acknowledged the complaint letters on 9 September 2021 and 10 November 2021. However, it was not until 19 November 2021 it provided a substantive reply. It said that it and E hadn't caused any further delays since the previous final response letter in August 2021 as throughout that time it was waiting for Mr and Mrs P's solicitors to provide documentation. Mr and Mrs P wrote to Nationwide complaining again in December 2021. They referred their complaint to this service a few days later.

Mr and Mrs P weren't happy with Nationwide's responses, especially as they didn't consider it had responded to some key aspects of their complaint. They provided an explanation of what had happened with the insurance. They confirmed that they had been told by Nationwide that, as the insurance for the new property was not to be with it, its solicitors would need to see a copy of the insurance policy that would be in place from exchange. They had then spoken to their existing insurer, which had said that the way forward was to simply transfer the existing policy to the new property from the date of exchange. When Nationwide had said that it needed to see the policy schedule for the new property, Mr and Mrs P had reverted to their insurer and asked if they could insure both properties for a short period. They had been told they could not insure both properties, one of which they didn't own or live in, but the insurer expressed the view that the agreement to transfer the existing policy to the new property should be sufficient for Nationwide. Due to Nationwide's insistence, Mr and Mrs P provided a fictitious date for the exchange date, and the insurer issued a new policy document. However, as it turned out the fictitious date was optimistic, and they ended up insuring a property they didn't own and had no insurance on their existing property. They transferred the policy back to their existing property, but were living in their home without insurance for seven days.

One of our investigators considered the complaint, and he recommended that it be upheld in part. He concluded that Nationwide had delayed the process for six weeks, it should have responded to Mr P's letters that were received after it had issued its final response letter, and he recommended that the compensation payment be increased to £300.

Nationwide accepted the investigator's recommendation.

Mr and Mrs P weren't happy with the investigator's conclusions. They said that the £300 compensation was inadequate for the stress, worry and sleepless nights the problems caused and the long-term effect of the loss of £10,000. They remained unhappy about having had to make up a date for the exchange of contracts in order to obtain a certificate of insurance. Mr and Mrs P said that it was completely unacceptable to be forced to knowingly lie to the insurance company.

Mr and Mrs P expressed the view that the investigation into the complaint had been inadequate. They said that Nationwide had insisted on an insurance policy schedule being provided before it had even issued a mortgage offer and he believed it took the stance it did in order to blackmail them into taking a more expensive policy with it. Mr and Mrs P also suggested that there hadn't been delays on the part of his solicitors, but rather his solicitors hadn't received E's emails, as they had been incorrectly addressed. No evidence of this was provided. They asked that the complaint be referred to an ombudsman.

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.

Mr and Mrs P have asked that they be reimbursed the amount of stamp duty they had to pay because the mortgage didn't complete before the end of June 2021. Nationwide has accepted that following the valuation being received, it and E caused delays the mortgage process. While there was an additional delay at the end of the process caused by E having not noticed the problem with the SHIP certificate when it was originally returned in June 2021, that delay didn't happen until later in the process, and so couldn't have caused Mr and Mrs P to miss completing before the end of the stamp duty holiday at the end of June 2021.

The delay caused by Nationwide and E amounted to around three weeks. At that point Mr and Mrs P's solicitors had already been sent the initial pack by E setting out the information and forms that needed to be provided/completed. As is normal in conveyancing, while copies of the documentation can be used to progress a mortgage, the original signed documents have to be provided to a lender's solicitor before completion can be agreed. The original of some of the required documents weren't received, despite E reminding Mr and Mrs P's solicitors of this requirement during the process, until August 2021. As such, even if the delays Nationwide was responsible for in the early stages of the process hadn't happened, I am not persuaded that the mortgage would have completed by the end of June 2021. As such, I can't reasonably conclude that Nationwide is responsible for the fact that Mr and Mrs P had to pay stamp duty on their purchase.

Mr and Mrs P are unhappy that their letters questioning what was happening and raising their concerns were not responded to. As our investigator pointed out there were four letters sent to Nationwide following the first final response letter, which were not responded to at all or only partially in the second final response. That could only be considered to be poor service and I will be factoring that in when considering compensation later in this decision.

In relation to the insurance certificate, I would confirm that it is necessary for a consumer to insure a property they are buying from the date of exchange, as Mr and Mrs P have confirmed they understood. It is also normal for a purchaser to provide an insurer with a hypothetical exchange date when arranging the necessary cover, and for this to be adjusted as necessary as matters progress. While I have noted what Mr and Mrs P have told us about their conversations with their insurer, I would confirm that insurers are aware that exchange dates are often 'soft' dates when a policy is first proposed and that it is not unusual for start dates for policies to change, sometimes more than once. While Mr P was clearly uncomfortable in giving a date to his insurer that was not definite, I don't consider that Nationwide was wrong to explain the general process for such arrangements being made.

Mr and Mrs P have explained that their insurer suggested to them that they not take out a separate buildings insurance policy for the new property, but to simply transfer their existing policy to the new one. They've told us that this resulted in them insuring the new property before exchange and having no insurance on their existing home. As this suggestion was

given by a third party, that party would be responsible for any upset or worry that situation caused Mr and Mrs P. The same principal applies to any delays during the mortgage process caused by parties other than Nationwide or its representatives.

The delays Nationwide is responsible for clearly caused Mr and Mrs P stress and inconvenience. However, as I have said above, the initial delays caused didn't extend the time it took for the mortgage to complete. Only the issue relating to E not having obtained the correct SHIP certificate from Mr and Mrs P's solicitors at the end of the process added to the time it took to complete the mortgage. In addition, there was also poor communication and poor service provided to Mr and Mrs P during the process. I know that Mr and Mrs P won't be satisfied with my award, but I would like to assure them that I have thought carefully about the amount of compensation that should be awarded, having taken Mr and Mrs P's comments into account. I am satisfied that the total of £300 (including that which Nationwide had already offered) is the appropriate amount in this case.

My final decision

My final decision is that I uphold this complaint in part and I require Nationwide Building Society to pay Mr and Mrs P a total of £300 (including the sum it previously offered) compensation for the delays it was responsible for in the process of their mortgage being advanced.

Under the rules of the Financial Ombudsman Service, I am required to ask Mr and Mrs P to accept or reject my decision before 1 December 2022.

Derry Baxter
Ombudsman