

## The complaint

Mr and Mrs P complain that they should have been advised not to apply for a joint mortgage as Nationwide's mortgage adviser ought to have known they would be unsuccessful.

## What happened

Mr and Mrs P obtained a decision in principle for a mortgage with Nationwide on 9 May 2022. Mrs P wanted to speak to a mortgage adviser to check whether a debt management plan (DMP) that Mr P had paid off in January 2022 would prevent them from having an application approved.

On 28 June 2022 Mrs P discussed this with a mortgage adviser and during this call she asked the adviser about the impact of Mr P's DMP – the adviser explained the application would be referred to an underwriter but because it's been paid off, there was a reason for the DMP and they aren't in financial hardship while this will be looked at *"there's nothing saying to me don't even bother"*.

Mr and Mrs P's application was subsequently declined on the basis that there had been insufficient time since Mr P's DMP ended. And that Nationwide would be looking for three years to have passed following a DMP ceasing.

Mr and Mrs P are unhappy that they now have a record of this declined application on their credit files. They say Nationwide should have advised them not to apply given the information they'd disclosed. They think this will affect future applications for lending at a time when interest rates are rising.

Nationwide responded that it was Mr and Mrs P's decision to apply for the mortgage and that the DMP wouldn't have caused the application to automatically decline. It paid Mrs P £50 compensation in relation to its complaints handling.

When Mr and Mrs P complained to our service, the investigator upheld the complaint. In summary they thought Nationwide had confirmed that with a declared DMP the application would have declined without being referred to an underwriter. And so, they didn't think Nationwide should have advised Mr and Mrs P to make a mortgage application in the circumstances. They recommended Nationwide remove the credit search from Mr and Mrs P's credit files and pay them £75 compensation for the distress and inconvenience caused.

Nationwide accepted this outcome and so did Mr and Mrs P. But Mr and Mrs P asked for the complaint to be reviewed by an ombudsman and noted that Nationwide hadn't sent them a copy of their records as requested.

So, the matter has been passed to me for a decision by 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.

Having done so, I'm upholding this complaint. This is for similar reasons to the investigator and I'll be brief in my reasoning as both parties have accepted the investigator's recommendation on how to put matters right – which I also think is a fair resolution to this complaint.

- Mr and Mrs P were open about their financial history and did declare at an early stage that Mr P had previously had a DMP which he paid off in January 2022.
- Nationwide's mortgage adviser was aware of this (DMP) when they recommended the mortgage Mr and Mrs P applied for.
- The application was declined on the basis that Mr P's DMP was repaid too recently, and that Nationwide would want to see three years of financial activity following the end of a DMP.
- Nationwide has since told our service that had a DMP been declared then the application would have been declined without referral to an underwriter. It hasn't gone into more detail about this, but it appears to be accepting that a DMP within the previous three years would prevent applications from being approved. And so, by implication, that its adviser ought not to have recommended the mortgage they did.
- We can't now know whether Mrs P would have been successful if she'd applied for a mortgage in her sole name, as Mr P would still have been financially linked to her. Nor do I have evidence that the record of this application has directly impacted any other mortgage applications Mr and/or Mrs P made or intended to make.
- I agree a fair way to put matters right is to remove any record of this application from Mr and Mrs P's credit file and to pay them a small amount of compensation to recognise the disappointment and time spent progressing this application.
- I note Mrs P has said Nationwide hasn't provided the records she's asked for and she is concerned it's hiding something. I'm satisfied our service has been provided with the information we need from Nationwide in order for me to reach a fair outcome in the circumstances. If Mrs P wishes to complain about the non-receipt of information requested, she can raise this directly with Nationwide in the first instance.

### **Putting things right**

For the reasons explained I think Nationwide should remove any record of Mr and Mrs P's mortgage application in 2022 from their credit files and pay them £75 compensation. This is separate from the £50 it has already paid them in relation to complaints handling – which for clarity does not form part of this complaint.

### **My final decision**

My final decision is that Nationwide Building Society should remove any record of Mr and Mrs P's mortgage application in 2022 from their credit files and pay them a total of £75 compensation if it hasn't already done so.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs P and Mr P to accept or reject my decision before 28 April 2023.

Stephanie Mitchell  
**Ombudsman**