

The complaint

Miss G and Mr J complain that The Co-operative Bank Plc (trading as Platform) caused delays with their mortgage application and property purchase. They ask for compensation.

What happened

Miss G and Mr J were buying a property. In March 2022 they applied to Platform for a mortgage, via a broker.

Platform initially declined the application when the valuer flagged what appeared to be an issue with the property title. The broker appealed the decision, sending written confirmation from the solicitor that the issue had been resolved. The valuer re-inspected the property in mid-May 2022 and provided a valuation.

Miss G and Mr J say the application process didn't progress as it should, and they didn't receive a mortgage offer until mid-July 2022. Their purchase completed in late September 2022.

Platform accepts that it continued to correspond about the title issue after receiving confirmation it had been resolved. It also accepts that it asked Miss G and Mr J's broker for information it had already received. It paid £100 to Mr J.

Our investigator said Platform caused avoidable delays and said it should pay compensation of £275 in total.

Miss G and Mr J didn't agree. Miss G said Platform should compensate them for the cost incurred due to completion being delayed – including two months' rent.

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.

Platform received confirmation that the potential issue with the title was resolved in May 2022. The valuer re-inspected the property in mid-May 2022 and provided a valuation report that was sufficient for funds to be released. Platform says the issue was resolved and clarified by the end of May 2022.

Platform accepts that it caused delays after this, and asked for information that had already been provided. It issued a mortgage offer on 18 July 2022.

I think it's fair to say there was a delay in the mortgage offer being issued of about six to eight weeks due to errors by Platform.

Miss G says they expected to move into the property in mid-July 2022 after completion of their purchase and renovation work. She didn't provide evidence a completion date in late

June/early July 2022 was agreed with the seller. Miss G provided a rental agreement, which ends on 30 June 2022.

Miss G says the delay in the mortgage offer being issued resulted in completion being delayed by two months. They paid for rented accommodation and storage (about £1,300 per month including utility bills) in the meantime, and Miss G says Platform ought to compensate them for these costs.

Miss G and Mr J's purchase completed in late September 2022 – more than two months after the mortgage offer was issued. I asked Miss G and Mr J why this was. Miss G explained what happened after the mortgage offer was issued.

Miss G and Mr J's solicitor emailed them on 25 July 2022 to confirm she'd received the mortgage offer. The solicitor said outstanding matters included preparing a report with the result of searches and the seller's replies to enquiries.

Miss G says they'd hoped to proceed on the basis of searches carried out for the previous sale, which were by this time a year old. Platform requires searches to be no more than six months old, and doesn't accept search indemnity insurance in place of this. Like all lenders, Platform is entitled to develop its own policies about what it finds acceptable. Miss G and Mr J's solicitor ordered property searches in late July 2022 which were returned in early August 2022. In late August 2022 the solicitor was still chasing responses from the seller's solicitor.

It seems Miss G and Mr J had some questions following the searches, as at the end of August 2022, they emailed their solicitor with a number of queries. They were considering having a full structural survey, and had questions about insurance related to non-compliance with building regulations. Some of the issues related to shared access/facilities with the adjoining property. Miss G said they'd like to hold off completing until these issues were resolved, which they were a few days later.

It was a condition of the mortgage offer that the legal adviser check the access rights to the property and that precise details of shared access rights were provided. This was because the valuer said it could affect the valuation. Mr J and Miss G's solicitor confirmed this and provided the certificate of title to Platform on 6 September 2022, for completion on 8 September 2022.

Miss G and Mr J were in a position to exchange and complete in early September 2022. However, this was then held up by the conveyance of an adjoining property.

The property Miss G and Mr J bought was in the same legal title as an adjoining property. These two properties were to be sold in succession, the first as a transfer of part and the second as a transfer of whole.

The solicitor said in early September that the adjoining property was to be sold first as they'd been told it was "due to complete imminently some time ago". In early September the seller confirmed the sale of the adjoining property was scheduled for 23 September 2022.

Miss G says there was no reason that their own purchase couldn't have completed first (before the transfer of the adjoining property), and this would have been possible if there hadn't been a delay with the mortgage offer. The legal work would have been completed sooner, and their completion wouldn't have been delayed by the sale of the adjoining property. I understand her point, and it is possible events might have unfolded that way.

But for me fairly to require Platform to pay compensation for Miss G and Mr J's purchase being delayed by two months I'd need to find that its error was the only (or at least the main) reason for this. To put it another way, I'd need to find that their purchase would have completed in July 2022 but for Platform's error.

Had the mortgage offer been issued without delay, it's likely the solicitor would have started the legal work, such as requesting searches and checking access rights, sooner. The solicitor might have received responses from the seller's solicitor sooner. But the issues related to the transfer of the adjoining property are less clear.

Mr J and Miss G's solicitor said in early September 2022 the transfer of the adjoining property was to happen first as they'd been told it was "due to complete imminently some time ago". It's unclear when "some time ago" was. I don't know if Mr J and Miss G would have been able to agree with the seller that their transfer should happen first, and that this would be in June or July 2022. What's also unclear is whether, if they had, their completion would have been delayed by the same or similar issue that held up the transfer of the adjoining property.

I know Miss G and Mr J will be disappointed. But having thought carefully about this, I don't think I can fairly find that their purchase would have completed sooner if Platform hadn't made an error. It follows that I don't think it's fair and reasonable to require Platform to pay compensation for the costs Miss G and Mr J incurred during the delay.

What is clear though is that this matter caused Miss G and Mr J worry and trouble, and I think it's right that Platform pays compensation for this. There was an unnecessary delay in issuing the mortgage offer. During this time, Platform asked for documents it already had, and referred to a problem that it had been told was resolved. The broker would have been the primary point of contact with Platform. Nonetheless, this must have been inconvenient, worrying and frustrating for Miss G and Mr J.

Taking all this into account, I don't think the £100 paid by Platform was sufficient. I think it's fair and reasonable to require Platform to pay compensation of £275 (in total).

My final decision

My decision is that I uphold this complaint. I order The Co-operative Bank Plc trading as Platform to pay £275 to Miss G and Mr J. It can deduct the compensation it has already paid.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss G and Mr J to accept or reject my decision before 24 April 2023.

Ruth Stevenson
Ombudsman