

The complaint

Ms K has complained about poor customer service from Nationwide Building Society in relation to an abortive mortgage application. Ms K complained to Nationwide but did not receive a response. To settle the complaint Ms K wants Nationwide to compensate her for the inconvenience, expense and upset caused to her.

What happened

I will summarise the complaint in less detail than it's been presented. There are several reasons for this. First of all, the history of the matter is set out in detail in correspondence, so there is no need for me to repeat the details here. I will instead concentrate on giving the reasons for my decision. In addition, Nationwide has acknowledged it made a mistake, so there is no need for me to go into detail about what happened and why. Finally, our decisions are published, so it's important I don't include any information that might lead to Ms K being identified. So for these reasons, I will keep my summary of what happened quite brief.

Ms K wanted to buy a property with a mortgage from Nationwide. A valuation was carried out so that Nationwide could assess if the property was suitable for mortgage purposes. It was not, and Nationwide knew this on 18 May 2022, but it wasn't until 14 July 2022 that Ms K's mortgage broker was given this information. The application didn't proceed any further.

Ms K complained to Nationwide, but, despite chasing this, never received a final response letter, so Ms K complained to our service, where an investigator looked at what had happened. He noted that, between 18 May 2022 and 14 July 2022 work had been done on the application by both Nationwide and the broker which would have been unnecessary if Nationwide had told the broker it wouldn't lend on the property on 18 May 2022. He thought Nationwide should pay Ms K £100 compensation for the distress and inconvenience caused.

Nationwide agreed to this but Ms K didn't think it was sufficient compensation. She explained that she'd incurred legal fees of £354 which she wouldn't have accrued if she'd known by 18 May 2022 that the property wasn't suitable for a mortgage.

Because the case is unresolved, it's been referred to me for a decision.

Provisional decision and responses

On 21 February 2023 I issued a provisional decision in which I made the following findings.

As I said above, because Nationwide has accepted its mistake, I don't need to analyse what happened in detail. It is sufficient to say that Nationwide is allowed to

decide what it considers to be suitable security for a mortgage, and so was entitled to reject Ms K's chosen property where it didn't meet lending criteria.

I think the compensation offered doesn't go far enough. The eight-week delay resulted in additional work carried out on Ms K's behalf by her broker and solicitors, and gave Ms K false hope that her purchase would be going ahead. I'm also satisfied Ms K incurred legal costs. However, it isn't clear how much of the legal work was done after 18 May 2022.

I think Nationwide should compensate Ms K for the additional expense to which she was put in respect of her legal fees. Before I issue a final decision, Ms K will need to contact her solicitors and ask them for an itemised bill showing what work was done after 18 May 2022. (solicitors generally keep time-recorded records for billing purposes, so this should not be an onerous task for them) and then send it to us.

I intend to direct Nationwide to reimburse Ms K for her evidenced and itemised legal expenses incurred after 18 May 2022, together with interest on that sum at 8% per annum simple from 18 May 2022 to the date when Ms K paid those expenses.

I also don't think £100 compensation is sufficient, and I intend to increase this to £200 for the distress and inconvenience caused to Ms K. I think this is proportionate to the trouble and upset caused to Ms K, including Nationwide's failure to address Ms K's concerns when she raised them with the Society.

Nationwide agreed with my conclusions, but Ms K did not. Ms K says that she doesn't think the £200 compensation warrants the distress she suffered and that, a year later, she's still not been able to move on. Ms K says she feels unsupported through the whole process she endured.

Ms K also sent us a copy of her solicitors' invoice.

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 see no reason to depart from the conclusions reached in my provisional decision. Although I acknowledge Ms S was upset by what happened, our awards of compensation aren't intended to be punitive, and we don't award damages in the way that a court would. In the circumstances, I'm satisfied that compensation of £200 is fair, reasonable and proportionate in order to put things right.

With regard to the solicitors' invoice, the document provided by Ms K is not – as I directed – itemised to show what work was carried out after 18 May 2022 and the cost of that work. I don't think Nationwide should be responsible for legal costs and disbursements incurred before 18 May 2022, so I won't be ordering Nationwide to pay the full amount of the invoice Ms K has sent us. Ms K must ask her solicitors to break down the costs so that Nationwide can pay whatever costs were incurred *after* 18 May 2022, as I explained in the provisional decision.

Putting things right

In full and final settlement of this complaint, I direct Nationwide Building Society to do the following:

- on production by Ms K of an itemised invoice from her solicitors showing the work carried out after 18 May 2022 and the cost of that work, I direct Nationwide to reimburse Ms K those evidenced and itemised legal expenses incurred after 18 May 2022, together with interest on that sum at 8% per annum simple from 18 May 2022 to the date when Ms K paid those expenses.*
- pay compensation of £200 for distress and inconvenience.

* If Nationwide considers that it is required by HM Revenue & Customs to withhold income tax from any interest, it should tell Ms K how much it has taken off. Nationwide should also give Ms K a tax deduction certificate if requested, so the tax can be reclaimed from HM Revenue & Customs if appropriate.

My final decision

My final decision is that I uphold this complaint and direct Nationwide Building Society to settle it as outlined above.

This final decision concludes the Financial Ombudsman Service's review of this complaint. This means that we are unable to consider the complaint any further, nor enter into any correspondence about the merits of it.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms K to accept or reject my decision before 3 April 2023.

Jan O'Leary
Ombudsman