

The complaint

Ms H complains that Nationwide Building Society (Nationwide) delayed her further borrowing application, causing her financial losses and considerable distress and inconvenience.

What happened

Ms H took out a lifetime mortgage with Nationwide in 2021 to pay for remedial work on her listed property. She says she was advised not to borrow all of the necessary funds in 2021 as Nationwide would require the funds to be spent within 12 months of completion. As Ms H was not due to carry out the re-thatching of her roof until the summer of 2022, she agreed to apply for further borrowing closer to the time.

In early 2022, Ms H requested additional borrowing for approximately £40,000. However, this sum was increased to take account of architect fees estimated to sit around £10,000 – increasing the application to £X.

Ms H says she was led to believe the application could not be submitted until she received and could evidence an architect's quote. However, after approximately 11 weeks had passed within which she was unable to obtain such a quote, she reconfirmed her estimate of £10,000 to Nationwide and the application was submitted on 27 June 2022.

On 6 July 2022, an internal query was raised to Ms H's mortgage adviser regarding the change in the borrowing amount and a query about the nature of the works being carried out. Ms H's mortgage advisor replied to the query on the same day, but this was missed by the relevant department within Nationwide until 4 August 2022.

Nationwide instructed a valuation on Ms H's property on 4 August 2022 and wrote to Ms H the following day requesting a breakdown of the works being carried out, their estimated cost and seeking evidence of Ms H's savings in the form of screenshots.

Ms H replied on 10 August 2022 and the savings evidence was supplied on 30 August 2022.

In the meantime, the valuation was initially declined on 11 August 2022 due to a leak in the thatched roof – Nationwide sought to appeal this and received the new valuation report on 6 September 2022 downgrading the value of Ms H's property.

After further internal delays, Nationwide issued Ms H a mortgage offer on 7 October 2022.

Ms H complains that due to Nationwide's delays, she is on a higher interest rate than what she would have been had the application completed in March 2022 and she experienced health issues attributable to the stress caused by Nationwide's processes and the length of time this has taken. Ms H has also explained that her roof started leaking in August as the repairs could not go ahead without the additional funding and this caused water ingress and a concern that she would be heading into winter with a leaking roof.

In response to the complaint Nationwide ultimately offered £500 in distress and inconvenience – accepting that it caused approximately two months' of delays (one July –

August and then again September to October). But it did not agree that it was responsible for all of the delays that had transpired so did not offer any further compensation.

Unhappy with Nationwide's response, Ms H referred her complaint to our service.

One of our investigators looked into the complaint and thought it should be upheld in part. She thought Nationwide's offer of £500 to acknowledge the distress and inconvenience caused was fair. But she thought it needed to go further as it was clear that had the two month delay not occurred, Ms H's interest rate would have been lower. So she recommended that Nationwide re-work Ms H's account to reflect that the borrowing could have been lent at 4.35% rather than the 5.21% offered in the October mortgage offer.

Nationwide agreed to the recommendations.

Ms H did not agree with the investigator's assessment. She believes Nationwide is responsible for more delays than it has already accepted and as a result, thinks the application ought to have completed in March 2022 – she would like account to be re-worked by applying the interest rate available in March 2022 and further compensation for the distress and inconvenience she has experienced.

As the complaint could not be resolved informally, it has now been passed to me to decide.

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 should first say that it is clear Ms H did not have an easy experience with her further borrowing application and given the nature of the works she needed completing and the timescales involved, this has naturally caused her undue distress and inconvenience. I do not doubt the strength of her feeling or the impact she says this situation has had on her.

Nationwide has already accepted it caused avoidable delays between 6 July 2022 and 4 August 2022 and once again between 6 September 2022 and 7 October 2022. So, I do not need to make a finding on whether it delayed the application during these two periods. Instead, I need to decide whether this is the extent of the delays caused by Nationwide or if they extend further.

I have reviewed the full timeline of events and having done so, I am not persuaded Nationwide's actions caused an unreasonable delay outside of the two periods identified above.

I am aware that in addition to smaller periods of delay, Ms H feels strongly that there were two additional periods of significant delay in the application which are attributable to Nationwide. I will deal with each in turn.

Ms H considers Nationwide to have caused an 11-week delay by implying she should get a quote from the architect that would need to be instructed to oversee the works. However, from the information available to me, I can't see that Nationwide actually told Ms H that this was a pre-requisite to applying. And without such evidence, I do not think it would be reasonable to hold Nationwide responsible for this delay in the application proceeding.

I do not doubt Ms H's recollections that she interpreted the information from her mortgage advisor as meaning she needed to obtain this quote and that her efforts to do so spanned a notable period. But without anything to show Nationwide incorrectly stipulated that the

application could not proceed without such a document, I am not going to make an award for this period of Ms H's dealings with Nationwide.

In addition, Ms H considers Nationwide's questions surrounding the detail of the remedial works being carried out and the need to evidence her savings to have been unnecessary and as such, to have delayed the application further. She also considers Nationwide's request for the evidence to be sent in screenshots to put her at a disadvantage as she does not find such requests easy to comply with unless she has the help of family.

While Ms H may feel Nationwide's questions and need for evidence were unnecessary, it is entitled to ask for reasonable information and evidence to support a lending application. Having reviewed the information and evidence requested by Nationwide, I am satisfied it was within the realms of what I would typically expect for such an application and does not appear excessive. And while I acknowledge Ms H struggled to provide the evidence in the requested format, Nationwide was attempting to provide a more efficient method of evidencing her savings rather than asking Ms H to provide postal copies of her assets.

In summary, having reviewed the full timeline of events I find that Nationwide did cause two periods of unreasonable and avoidable delays – amounting to approximately two months. It is reasonable to conclude that had it not caused such delays, Ms H's application would have completed two months earlier than it did. As Nationwide has confirmed the interest rate would have been lower had Ms H's application completed two months earlier, it ought to re-work Ms H's account to ensure she is afforded the lower rate.

I also find these delays caused Ms H avoidable distress and inconvenience and given the nature of the application and the impact it was having on Ms H, I agree that an award to recognise said impact is warranted. Having considered the submissions of Ms H and thought about our usual approach to such awards, I think Nationwide's offer of £500 is fair and I am not going to direct that it increases this.

I do not consider Nationwide is responsible for any further delays in the application and as such, I am not going to extend the compensation further.

Putting things right

I understand Nationwide has already transferred Ms H the £500 payment for distress and inconvenience, but if I am wrong about that, it should now arrange for the payment to be made to Ms H.

It should also re-work Ms H's mortgage account to reflect that the application should have gone ahead on a rate of 4.35% rather than 5.21%. It should set out in writing to Ms H how it has applied this change to her account.

My final decision

For the reasons set out above, I uphold this complaint in part and direct Nationwide Building Society to compensate Ms H in line with my instructions above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms H to accept or reject my decision before 11 December 2023.

Lucy Wilson
Ombudsman