

The complaint

Mr D complains about the length of time it took Nationwide Building Society to say it wouldn't lend him the amount of money he wanted, for the type of property he wanted to buy. Mr D said Nationwide should've said this right away, and he's paying more now because it didn't.

What happened

Mr D said he applied for a mortgage with Nationwide, but it took three months to turn him down. He said that by the time Nationwide told him it wouldn't lend, rates had gone up. So instead of the rate he was expecting with Nationwide, of 2.89%, he could only get 3.59%. Mr D said he'd added up what this would cost him, and it came to over £1,000. But Nationwide had only offered £50. Mr D was also unhappy with how long Nationwide took to respond to his complaint.

Nationwide didn't think it had made a mistake. It said Mr D applied with the support of a broker. And Nationwide said that broker should have been able to see, on its website, that Nationwide would not be prepared to lend Mr D as much money as he wanted, on the sort of house he wanted to buy.

Nationwide said it did think it should have realised this sooner, so it was sorry about that. And it offered £50 for that.

Our investigator didn't think this complaint should be upheld. He said when Mr D's broker applied for the mortgage, they described the property as a leasehold detached house. Although Mr D's brokers did then describe the property differently, when they put in an appeal against the valuation, when the second application went in, Mr D's brokers again described the property as a detached house. Nationwide later declined the mortgage application.

Our investigator said Mr D hadn't received an offer from Nationwide, he'd received a mortgage illustration and a decision in principle. Neither of those was a commitment from Nationwide to lend. And he said Nationwide had shown us its policy on lending at the sort of loan to value Mr D wanted – it won't lend that much on properties like the one Mr D wanted to buy. That policy is set out on Nationwide's dedicated broker website. So our investigator didn't think Nationwide made a mistake when it turned Mr D's lending down.

Our investigator said that Nationwide had acknowledged it could have told Mr D sooner than it wouldn't lend the percentage he wanted, on the sort of property he wanted to buy. But he said he had to take into account that Mr D's broker hadn't properly described the property. Our investigator thought Nationwide should pay Mr D £150 to make up for its part in what went wrong here. He didn't think Nationwide had to take any further steps because it took some time to respond to his complaint.

At first, it looked as if both sides would agree with this proposed resolution. But Mr D then queried the amount of compensation he would receive, and when our investigator clarified that it was £150, not £200, Mr D said he wanted his complaint to be considered by an

ombudsman. This case was then passed to me for a final decision. I then reached my provisional decision on this case.

My provisional decision

I issued a provisional decision on this complaint and explained why I did propose to uphold it. This is what I said then:

Although Mr D's property was wrongly described on the initial application, Nationwide was aware of the type of property Mr D was buying, from around mid-May. Mr D's broker described it more accurately and precisely then, as part of the appeal Mr D wanted to make against the valuation. So Nationwide could have refused this application then.

But, like our investigator, I think it's also important to take into account that there was information available to Mr D's broker about Nationwide's lending policies, which made clear that this application wouldn't be accepted by Nationwide. So I don't think I can hold Nationwide solely responsible for the fact that Mr D's application for a mortgage elsewhere (which was successful) only happened after his broker made an application to Nationwide, which wasn't successful. And that means I don't think it would be fair and reasonable to ask Nationwide to pay what Mr D considers is the difference between the mortgage he has now, and the one he was hoping to secure with Nationwide.

But the mistakes made here have clearly had an impact on Mr D. I think it would be fair and reasonable to ask Nationwide to pay Mr D £250 in compensation, for the missed opportunities it had to put things back on the right track for him.

I invited the parties to make any final points, if they wanted, before issuing my final decision. Both sides replied.

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 D said he was happy to accept my provisional decision. Nationwide said it didn't have anything to add.

Neither side has offered any further evidence or argument, and I haven't changed my mind. I'll now make the decision I originally proposed.

My final decision

My final decision is that Nationwide Building Society must pay Mr D £250.

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

Esther Absalom-Gough
Ombudsman