

## The complaint

Mr M and Ms M complain that Nationwide Building Society caused delays with the issue of their mortgage offer, so their old house sold before they could buy the new one. They wanted Nationwide to pay the extra storage and accommodation costs they incurred.

## What happened

Mr M and Ms M sent us a detailed timeline of their mortgage application. They said they first approached Nationwide for a mortgage on 18 July 2022, but they weren't able to have a meeting with a mortgage advisor until 29 July. Mr M and Ms M said they were told the application would take four to six weeks, and they told the mortgage advisor then that they were due to complete on Friday 16 September, which was exactly seven weeks away.

Mr M and Ms M listed a number of what they said were mistakes and oversights by Nationwide, and some contradictory updates they received. They said all this meant that, whilst they did receive a mortgage offer, they didn't actually get it until halfway through the afternoon of the day they were due to complete, and move. They said they were committed to selling their former home on this day, so had to move out. But by then, the seller wasn't able to move that day, so they had to move into temporary accommodation in the interim, before finally completing their purchase the following Thursday.

Mr M and Ms M wanted Nationwide to pay their out of pocket costs, which they said were £240 for the renewed valuation, plus £1,857.50 for interim accommodation, and £680 for additional storage for the time between moving out of their old home and into their new one.

Mr M and Ms M said when they complained, Nationwide just said this was all their fault, for committing to a completion date without a mortgage offer in place. It offered £150. Mr M and Ms M said that wasn't enough. They said they would have accepted half of their costs, if Nationwide hadn't just blamed them. So they wanted our service to look into this.

Nationwide said it had given Mr M and Ms M the earliest possible appointment date when they wanted to complete the application for their mortgage. It was sorry this had taken longer than it would like. But it accepted it had made mistakes here, because the application Mr M and Ms M made on 29 July wasn't rekeyed until 18 August. Nationwide apologised for that. It said it confirmed on 5 September that their Home Report was out of date, and would need to be refreshed. Nationwide said Mr M and Ms M would always have needed a refreshed report, but it noted this could have been mentioned to them earlier, and more clearly. It also accepted it had put the wrong reference on this report when it was received.

Nationwide said it was sorry Mr M and Ms M felt there was no one taking ownership of their application while their named mortgage advisor was away, but it said Mr M and Ms M could still contact the relevant team for updates. Nationwide said it understood Mr M and Ms M had said at the outset that they wanted to complete on 16 September, but it said it couldn't guarantee at that point that it would issue an offer, or commit to a date for completion.

Nationwide said it issued its offer within seven weeks, which it thought was reasonable. And it thought the core of the problem here was that Mr and Mrs M had already agreed a

completion date before they applied to Nationwide for a mortgage. So it wouldn't reimburse the costs that Mr M and Ms M wanted it to cover. It had paid £150 in compensation.

Our investigator thought this complaint should be upheld, because she thought Nationwide caused unreasonable delays, and if it wasn't for these, Mr M and Ms M would have been able to move on 16 September 2022 as planned. So she said Nationwide should reimburse Mr M and Ms M for the unnecessary refreshed report costs, pay the additional removal and storage costs, and half of what they'd paid for interim accommodation. And it should pay a little more compensation.

Mr M and Ms M agreed with this, but Nationwide didn't. It said it hadn't issued an offer until 16 September, and it wouldn't have expected Mr M and Ms M to enter into any binding commitment to purchase until after the offer was issued. And Nationwide said a refreshed Home Report would always have been needed in this case. Nationwide said it's usual not to rely on these when they are more than three months old, and the report in this case was already nearly that old when Mr M and Ms M made their application.

Our investigator then said Nationwide didn't have to pay for the refreshed Home Report, in that case. But, although she accepted it was clear that Mr M and Ms M were committed to a purchase before the offer was issued, she said the point here was that Nationwide did agree to make an offer, it just delayed in doing so. She still thought Nationwide should pay the additional removal and accommodation costs, plus the suggested additional compensation.

Mr M and Ms M said they would accept this, but Nationwide maintained its previous position. It didn't think it was reasonable for Mr M and Ms M to set and agree a moving date without a formal offer of mortgage. Because no agreement was reached, this case then came to me for a final decision. And 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, but only in part. This is what I said then:

In considering this case, I've not just got to consider whether Nationwide made mistakes here, although I should say at the outset, I think it did. But I've also got to think about whether those mistakes were the cause of what went wrong here. That means looking at what I would usually expect to happen, in a transaction like, this, and setting that against what did happen here. I then have to consider what part of that it would be fair and reasonable to hold Nationwide responsible for, and ask it to pay for.

I know Mr M and Ms M were very upset by Nationwide's response to their complaint, because they felt Nationwide was blaming them for what went wrong here. And I understand their argument, that if Nationwide had processed their application promptly and smoothly, the transaction would have gone through on time, and they wouldn't have needed to move into temporary accommodation.

As I said above, I do think Nationwide made mistakes here. I can see it missed an opportunity at the outset to alert Mr M and Ms M to the fact that they were always going to need to refresh their valuation. Like our investigator, I haven't been able to see any reason for Nationwide's delay in rekeying their mortgage application. Mr M and Ms M told us at least some of the rekeyed information seemed to be missing or wrong. And it does look as if confirmation of an acceptable valuation was delayed by the wrong reference having been provided to the valuers. Additionally, I think it must have been deeply frustrating, to find out that the key contact on the mortgage application was on

leave at a crucial time, and doesn't appear to have left an alternative contact who was as engaged with the issues.

So I do think that Nationwide made mistakes here, and I don't think that £150 provides a fair and reasonable response to those mistakes.

But I'm sorry to have to tell Mr M and Ms M I also don't think I'm able to ask Nationwide to pay half of their interim accommodation costs, and the additional removals costs. That's because what I would usually expect to see in a case like this, isn't just that the lender wouldn't make so many mistakes with the application. It's also that the buyer wouldn't make a firm commitment to a sale and purchase until they have received a mortgage offer. And it does appear that Mr M and Ms M committed to this purchase, and agreed a date for it to go ahead, well in advance of Nationwide issuing any offer.

That doesn't mean it's ok for Nationwide to make mistakes. But I think the consequences of these mistakes would have been somewhat less serious, if Mr M and Ms M hadn't already committed to their sale and purchase, and set a firm date for that.

Although there is a risk in committing to a property purchase without a mortgage offer in hand (and this could be a very considerable risk, if Mr M and Ms M were legally obliged to go ahead with their sale and purchase on 16 September) it's for Mr M and Ms M to decide on the risks they are willing to take in a purchase, so it's up to them whether they decide to do that. But I haven't seen anything to make me think that Nationwide had knowingly and willingly accepted a share of the risk that Mr M and Ms M were taking in finalising a date for a move, before an offer was issued. And that means I don't think it's fair to say that Nationwide should pay a share of costs in this case which only occurred because Mr M and Ms M decided to take that risk.

However, to return to the point I made above, I do think Nationwide made a number of mistakes in this case. And for that reason, I don't think that £150 is an appropriate level of compensation here. I know Nationwide says that this case still received an offer within its usual timescales, but I think that's been at least in part because of the efforts in pushing things forward made by Mr M and Ms M.

So I think this was very stressful for Mr M and Ms M, and I think the number of mistakes and oversights I can see here mean it always would have been so, even in different circumstances. For that reason, I think that Nationwide should pay a total of £350 in compensation. I think that would provide a fair and reasonable outcome to this complaint. I understand that Nationwide has already made a payment of £150 in this case, so I think it should pay £200 now.

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.

Nationwide said it had received the provisional decision, and had nothing to add.

Mr M and Ms M replied, to say they were disappointed, but didn't think there was any more they could say, other than to stress that Nationwide's customer service fell well below expectations. They felt theirs was a very straightforward mortgage application which their solicitor had said should have taken no longer than four weeks. But Nationwide didn't keep

to its usual timelines, and only managed the offer in seven weeks because of the amount of work Mr M and Ms M did to keep things moving.

Mr M and Ms M said their offer being ready on their moving day was irrelevant, because it wasn't ready until too late in the day for their solicitor to draw the funds.

Mr M and Ms M said they weren't fully committed to moving on that date, but they said it was so late in the week before they knew if Nationwide would make an offer or not, they felt they had no choice but to move out, otherwise this would have affected their chain.

Mr M and Ms M acknowledged that their comments were unlikely to change my final decision, but said they didn't intend to deal with Nationwide again in future, and would be moving their mortgage as soon as the fixed interest period ended.

I do appreciate that Mr M and Ms M feel very let down by Nationwide. But their original complaint was that they should have been able to move out of their old home and into their new one, on the same day. They wanted Nationwide to pay the extra costs they incurred, when this plan didn't work.

I could see that Mr M and Ms M had made at least some of the arrangements for their move, well in advance of any mortgage offer being in place for the purchase of their new home. I explained in my provisional decision that this always carries some risk. And I didn't think it was fair to make Nationwide pay for the costs of things not running smoothly, when it wasn't the one that decided to run this risk. But I did think it was fair to ask Nationwide to pay compensation for the effect of its poor service. So that's what my provisional decision proposed. And, although I understand Mr M and Ms M's frustrations, what they've said now hasn'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 M and Ms M £200, in addition to the £150 it has already paid.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M and Ms M to accept or reject my decision before 21 November 2023.

Esther Absalom-Gough

**Ombudsman**