

## **The complaint**

Ms S and Mr W complained that Santander UK Plc decided not to offer them a mortgage on a property they wanted to buy, after it saw the valuation report. But it didn't tell them this right away. Ms S and Mr W said this delay increased their costs.

## **What happened**

Ms S and Mr W said they had applied to Santander for a mortgage. They said Santander got a valuation on the property they wanted to buy, and based on this, it decided it wouldn't offer them a mortgage on this particular property. But it didn't tell them this right away. Instead, it delayed communicating its decision for about three weeks.

Ms S and Mr W said they got a survey report from Santander enclosed with a letter dated 4 May, but the letter wasn't received until 25 May. After the valuation was done they'd continued to talk to Santander about their mortgage application using the online portal, and Santander just didn't say the application had been refused. Ms S and Mr W said Santander had paid £50 for the delay, but that didn't make up for the higher rates they now had to pay on a mortgage, as a result of restarting their property search three weeks later than was necessary. They thought Santander had done this deliberately.

Ms S and Mr W said they asked Santander to hold the rate they had applied for, a 4.1% interest rate fixed for five years, with no product fees, but Santander wouldn't move that lending to a different property. They said they would now end up paying much higher interest rates on any mortgage they secured, as a result of this delay. They wanted Santander to pay £3,000 to compensate for the cost of the higher interest rates they ended up paying, and £2,000 for emotional damages, as they'd invested so much time and effort in this property during the weeks Santander withheld the information from them.

Santander has apologised to Ms S and Mr W for the administrative delay in sending them a letter to say that unfortunately it wouldn't be able to proceed with their mortgage. Santander said the property they wanted to buy had been deemed not suitable for mortgage purposes. It had sent them a copy of the valuation report, which explained that there were factors affecting the mortgageability and future marketability of the property. But Santander said this should have been issued sooner, and that's why it had paid £50 in compensation.

Our investigator didn't think this complaint should be upheld. She said that it is reasonable for Santander to rely on a valuation to decline a mortgage application, where the property isn't suitable security for lending. It had apologised for the delays in letting them know. She didn't think the impact of this delay was so significant that it warranted further compensation, in addition to the £50 that Santander had already paid.

Ms S and Mr W didn't agree. They wanted to stress that although the letter Santander sent was dated 4 May, it wasn't received until 25 May. And the inspection had been completed much earlier, on 29 March. So the delay was longer than our investigator thought, it was almost two months. Ms S and Mr W said they'd continued with conveyancing work on the property during that time, so they'd paid for some wasted work. And if they had known the result of the survey earlier they could have moved on quicker to search for a different

property that was easier to mortgage.

Ms S and Mr W said they had later managed to secure a mortgage, even at a higher interest rate, so they expected they would also have been accepted if they'd applied earlier, when rates were lower.

Ms S and Mr W wanted their complaint to be considered by an ombudsman, so it was passed 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. This is what I said then:

After Ms S and Mr W finally received Santander's valuation, they decided not to proceed with this purchase, because of the concerns the valuer had raised. They aren't challenging Santander's refusal to lend. They just say that Santander should have told them about this decision rather sooner.

Ms S and Mr W told us the valuation was done on 29 March. I think it's likely that the valuation report was sent promptly to Santander after that. I'd anticipate that Santander had this report no more than a week later, on 5 April. Allowing for the Easter weekend, I think it's likely that Santander had then reached its lending decision by Friday 14 April. And it was presumably able to contact Ms S and Mr W right away, either by email or using the portal. So Ms S and Mr W ought to have been made aware of Santander's decision in mid-April.

Ms S and Mr W say that the letter sent to them which is dated 4 May didn't arrive until 25 May. I don't know if this letter was posted promptly or not. But Ms S and Mr W have provided evidence that they were continuing to work with their solicitors in early May 2023. They have also shown us that Santander was emailing them with updates to their mortgage, indicating positive progress. And that this continued well after the date I've mentioned above, when Santander ought to have been aware that Ms S and Mr W's mortgage could not progress, and ought to have told them this. I think Santander could have used the same email system to alert Ms S and Mr W to the fact that their mortgage wasn't going ahead, and avoided any postal delays.

Ms S and Mr W have shown us they paid £660 to their solicitor for the abortive purchase of the property that Santander said wasn't mortgageable. They haven't shown us how much of the work their solicitor did, happened after Santander should have told them that their mortgage application wasn't going to be successful. But I do think it's likely that Ms S and Mr W continued to pay for work, after Santander ought to have told them that this purchase couldn't proceed. I think it's reasonable to ask Santander to pay half these costs, so I'll ask it to pay £330 towards Ms S and Mr W's solicitors fees.

Ms S and Mr W have also shown us that this delay had an impact on them too. They continued to work, both with Santander and with their solicitor, to complete their purchase and mortgage application, well after Santander ought to have told them the purchase couldn't proceed. I know that Ms S and Mr W would like £2,000 for the emotional impact of this, but I don't think that would be in keeping with the overall approach of our service, or in line with other awards our service makes.

However, I do think this has involved quite a lot of inconvenience for Ms S and Mr W, and obviously considerable disappointment, which must have been heightened because Santander had apparently earlier indicated that their mortgage had been approved by its

underwriting team. So I think a payment of £500 would provide a fair and reasonable outcome to this part of Ms S and Mr W's complaint. That's what I'll ask Santander to pay here.

Ms S and Mr W said they also felt they were paying a higher mortgage now, because of what Santander did. They said that because Santander delayed in telling them their mortgage wasn't going ahead, that meant Santander had also delayed their next purchase.

I understand the point that Ms S and Mr W make here, but I can see that Ms S and Mr W took a considerable amount of time to find the property they told us they then purchased. They made a fresh mortgage application on 20 November, securing the rate they now have with a different lender. That's almost six months after Santander told them their first application couldn't proceed. I can't fairly say that the six weeks of delay that Santander caused, then meant Ms S and Mr W weren't able to start a different purchase until six months later. And because Ms S and Mr W did spend a considerable time searching for a new property that they were interested in, I don't think I can fairly conclude that their purchase would have happened six weeks sooner if Santander hadn't delayed in telling them the outcome of their first application.

I should also note that, although mortgage rates did continue to rise in early 2023, rates then started to fall back somewhat at the end of August 2023, and this slow reduction continued over the following months. I think it's likely that if Ms S and Mr W had bought around a month and a half sooner, they would be on a higher rate of interest than they are paying now.

For those reasons, although I know that Ms S and Mr W will be disappointed, I don't think Santander has to contribute to Ms S and Mr W's mortgage costs for the five years of their current fixed rate mortgage.

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.

Ms S and Mrs W replied to say they had nothing further to add. Santander replied to say it accepted my provisional decision.

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 Santander UK Plc must pay Ms S and Mr W £330 towards their solicitors fees, and £500 in compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms S and Mr W to accept or reject my decision before 8 May 2024.

Esther Absalom-Gough  
**Ombudsman**