

The complaint

Mr C complains that Nationwide Building Society declined his mortgage application. He says he's lost out financially as a result and believes it may have incorrectly declined the application. Mr C is seeking compensation.

What happened

Mr C wished to buy a property from his father. His father already held a mortgage on the property with Nationwide. Mr C says he was aware that the property wasn't a standard construction. So, he approached Nationwide as it already held a mortgage secured over the property.

In January 2024, Mr C spoke with a Nationwide advisor. During this call he made the advisor aware that the property was non-standard construction – "possibly large panel". Mr C applied online for a decision in principle (DIP) and an appointment for mortgage advice was booked for the start of February 2024.

During the mortgage advice call, Mr C told the advisor the property was Bryant System 2 (BS2) construction. Following the advice being given, a mortgage application was submitted, and an appointment was booked for a surveyor to value the property for Nationwide. In the meantime, Mr C says he paid off some other debt so that the mortgage application with Nationwide could be approved.

On 21 February 2024, Nationwide emailed Mr C to say the mortgage application had been declined due to the property being a "Bryant Large Panel System" (BLPS). Mr C complained about this as he said he'd already told Nationwide it wasn't a standard construction. He also complained about the amount of time it took for Nationwide to tell him the application had been declined.

Nationwide didn't uphold the complaint, so Mr C referred it to our Service. One of our Investigators looked into the complaint, but she didn't think it should be upheld. In summary, she said Nationwide was entitled to decline the application. And that Mr C had told Nationwide the property was a BS2 construction, which was acceptable to Nationwide, but the valuer identified it was BLPS, which isn't acceptable. She explained that just because Nationwide had previously agreed a mortgage for the property, didn't mean it would do so in the future.

Mr C didn't accept this. He said the property was in fact BS2, so Nationwide should've agreed the application. He said this matter had caused significant upset to him and his father and he should be due compensation.

Our Investigator explained that Nationwide was entitled to accept the professional opinion of the surveyor and wasn't responsible if the surveyor had incorrectly identified the type of property.

Mr C asked for the complaint to be considered by an Ombudsman. So, it's been passed to me to review and make a final decision.

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.

A mortgage lender is entitled to decide who to lend to, and on what terms. And this decision will include the type of property construction that it will lend on. I've seen a copy of the valuation the surveyor provided to Nationwide. This states that the property is a BLPS construction type, rather than a BS2 construction type that Mr C had told Nationwide he thought the property was.

I've also seen a copy of the relevant section of Nationwide's lending criteria. This shows that there are six different construction types under the Bryant brand. BS2 is acceptable for lending on, but BLPS isn't. Based on this, I'm satisfied that Nationwide was entitled to decline the mortgage application.

Mr C has said the surveyor is wrong, and the property is in fact BS2 construction. I don't know if he is correct or not. However, the expert here is the surveyor, not Nationwide. This is why Nationwide commissioned a surveyor to provide their professional opinion on the property. The surveyor doesn't fall within the remit of our Service, so I can't consider their actions there. But I'm satisfied it was fair for Nationwide to accept the surveyor's opinion when deciding whether to lend or not.

Mr C also says that BS2 and BLPS are the same thing, but I don't agree. There seem to be a number of different types of Bryant construction types in addition to these two, all with slightly different nuances. And it's for Nationwide to decide which of the types it will and won't lend on.

The fact that Nationwide had previously lent on this property, doesn't require it to do so in the future. Lender's underwriting criteria, including acceptable property types, can change over time.

Moving on to the complaint that Mr C paid off his other debts following advice from Nationwide. I've seen within the DIP that Mr C submitted, that he said he planned to pay off his existing debts. And this was completed by Mr C, without any advice. So, it seems likely this was always his plan. I can't therefore say that Nationwide was responsible for him doing so.

Furthermore, it's possible that he would've needed to do this to proceed with another lender. And by paying off these debts, he's no longer incurring interest, so I can't say there's been a financial loss in this regard. I can't see that Mr C was advised to pay off this debt before the application was underwritten and approved. And he could've done this at a later stage.

Mr C also says that he had to wait sometime between the valuation being completed and being told that the application had been declined. The valuation was completed on 9 February 2024 and was received by Nationwide on 20 February 2024. I don't think this is an unusual timeframe, given that once the physical valuation is carried out, the report still needs to be written and submitted. Nationwide let Mr C that the application was declined the day after it received the valuation. And Mr C was told within three weeks of submitting the application, that it had been declined. I don't think this was an unreasonable time frame.

Based on this, I can't see that Nationwide has acted incorrectly, or caused any avoidable delays. So I'm not going to ask it to do anything further.

My final decision

Whilst I recognise Mr C will remain disappointed, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 7 February 2025.

Rob Deadman
Ombudsman