

## The complaint

Mr W complains that Nationwide Building Society didn't repossess a property he owned jointly with his former partner quickly enough and then sold the property at an undervalue by private sale rather than at auction.

## What happened

Mr W and his former partner owned a property that was mortgaged through Nationwide. The property was bought at auction in early 2008 for £125,000 with an interest-only mortgage with Nationwide with the intention of doing it up and then selling it. But after doing it up Mr W says that he was then locked out of the property since that time. Nationwide threatened to repossess the property in 2015 but the arrears were paid off at the last minute. Mr W's former partner was evicted in August 2023, but Mr W says that his former partner, whom he says was a hoarder, was allowed until early 2024 to remove her belongings. In February 2024, the property was placed on the market for sale at a price of £85,000 and then sold shortly afterwards. Mr W says that he then got letters from debt collectors saying that he owed £57,000 and Mr W complained to Nationwide. Mr W then found that the property was being put in an auction with a guide price of £95,000 and sold in May for £134,000. Mr W says that Nationwide should write off the debt completely and did not follow the rules of selling a property at the best possible price.

Our investigator said that under the rules that apply to us as the joint mortgage account holder was not a party to the complaint that involved the length of time that she remained in the property, it would be inappropriate to deal with that complaint without her consent and that complaint should be dismissed. But our investigator then considered whether Nationwide acted fairly when valuing and marketing the property and felt that it did. Mr W disagreed and asked for a review.

## 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.

As our investigator has pointed out I am only able to consider Mr W's complaint about the circumstances surrounding the sale of the property by Nationwide which means he is now faced with paying the shortfall. In coming to my decision, I've considered Mr W's further submissions including those in his letter of 1 November 2024. Nationwide came into possession of its security, the property that Mr W jointly owned with his former partner, with a view to selling it to pay down the mortgage debt. Nationwide has a duty to take steps to obtain the best price that might reasonably be paid for the property. As is industry practice, Nationwide obtained a valuation report from a firm of surveyors. The report is dated 17 January 2024. The comments on the property include on the internal condition : “ *Very poor condition, issues include : rising penetrating dampness issues and associated rotten timbers, no access to loft room accommodation due to health and safety risk, some rooms stripped back to expose brickwork and services dated and elements pose health and safety risk* “ and external condition “ *Very poor condition, issues include : suspected on-going progressive structural movement and roof coverings require overhaul replacement* “

The valuer concluded that the property was not readily mortgageable, with a cash value only and that sale by auction was the most appropriate method of sale. The valuer also set out three comparable properties all in much better condition with sale prices between £81,000 and £100,000. The lowest price was for a property described as dated condition but habitable which this property was not. The valuer noted that the property was unsuitable for building society purposes and may attract a relatively low demand on re-sale and that the achievable value for the property was £80,000.

The valuer's firm then did a marketing report to advise Nationwide on selling the property. In addition to the valuation, it considered reports from two local firms of estate agents who provided predicted sale prices for the property of £75,000 and £80,000. The report suggested a sales strategy of going with the estate agent which they noted had the better track record with recent sales of fifty-six exchanges in the previous three months. The asking price was to be £85,000. The report notes that those agents felt strongly that they have a local market for the sale, and that they would see what happened in the next 3 to 4 weeks but due to the condition auction may be considered in the near future. So, the advice Nationwide was getting from three separate firms with experience of house sales was that this property in the state it was in was worth £80,000. I believe that it was reasonable for Nationwide to rely on that figure and acting in Mr W and his former partner's best interests it should try and sell the property for that within as short a period as possible.

Nationwide instructed the estate agent and the property sold for £85,000 which was the asking price. But shortly afterwards the property was sold on through an auction with a guide price of £95,000 and achieved a sale price of £134,000. As Mr W along with his former partner will be asked to make up the shortfall, he is understandably annoyed at what he sees as the sale of the property at an undervalue and says that if the property had been sold at auction that there would be no shortfall. As I noted that the original surveyor had recommended sale by auction I asked Nationwide why it had not sold the property by this means rather than private sale.

Nationwide said that it followed the advice above set out in the marketing report and put it in the hands of an estate agent. As it got a bid for the asking price of £85,000 within a short period, there was no need to put it into the auction as the price achieved was the highest of the appraisals. I have to consider whether Nationwide did anything wrong. I'm mindful of MCOB 13.6 which states that a firm - in this case Nationwide - must ensure that steps are taken to market the property as soon as possible after repossession and to obtain the best price that might reasonably be paid.

The evidence is that Nationwide didn't obtain the best price because it was sold for more at auction. But Nationwide's duty is not to get the best price but to take steps to do so. Did it do enough given that the valuer advised the sale at auction? But the valuer was advising a sale at auction because he didn't believe that a private sale would get an offer of £80,000 which was the valuer's view of what the property was worth. Nationwide's agents tested the estate agents in the area who advised that a sale could be achieved for that price in a reasonable period. At that stage Nationwide went with a private sale with a fall-back position of going to auction in a few weeks if the property wasn't sold. Given the information available to Nationwide at that time, that seems a reasonable position to take and a reasonable outcome when the property sold for the asking price a few weeks later.

This was not a case where the surveyor was recommending an auction to Nationwide in the belief that it would get a better price than £80,000 and Nationwide ignored that advice. But rather, following advice, Nationwide took steps that it considered the best way to achieve that price and got £85,000 for the property. Given the advice it was receiving, which I consider it was reasonable for the Society to rely on, I don't consider that Nationwide should have acted differently. That unfortunately means that Mr W is left with a shortfall. But, for the

above reasons I can't fairly uphold this complaint.

### **My final decision**

My decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 28 March 2025.

Gerard McManus  
**Ombudsman**