

The complaint

Mr F complains about various issues with his mortgage application with The Co-operative Bank Plc (Co-op). He says that it provided poor service for a number of reasons, and insisted that he completed unnecessary structural works, which meant that it took over four months between the application being made and an offer being issued.

What happened

Co-op received Mr F's mortgage application on 20 October 2023. An offer was issued on 21 February 2024 and the mortgage completed on 28 February 2024.

Mr F is unhappy with the amount of time taken for his application to be processed. He says that Co-op insisted that he carry out structural work to the roof, despite a structural engineer's report confirming that it was structurally sound. Mr F says that other issues also contributed to the delay, including Co-op's systems and phone lines being down, unacceptable phone hold times, missed deadlines, poor response times, and Co-op reviewing the wrong person's documents. He also says that the original maximum loan amount (£130,000) contradicted the amount in the decision in principle (DIP) and offer (£170,000) with no explanation provided.

In his initial complaint, Mr F also said that interest rates had dropped significantly from 5.99% to 4.46% between October 2023 and February 2024. Although he was advised by his broker that the latest rate would apply, Co-op would not offer him the lower rate at the time of the offer, which meant he had to pay an extra £150 a month (£3,600 over the mortgage period). Mr F has since told this Service that this issue has now been resolved and that he no longer requires this Service to look into this part of his complaint.

Mr F would like Co-op to refund him the £800 for the structural work he carried out to the roof, as he says that this was unnecessary. He would also like £2,000 to compensate him for the time taken to resolve the issue and the stress caused.

In relation to the structural work, Co-op disagreed that this was not required. It said that it has to go by what its valuation recommends and that the evidence confirming that the work had been done helped to satisfy its lending criteria.

In relation to the maximum loan amount being incorrect, Co-op said that there were some discrepancies between the income given in the application and the payslips provided, which caused a discrepancy with the maximum loan amount. It requested further evidence in relation to this to ensure that it was lending responsibly, and it didn't consider that this had caused an unnecessary delay. Co-op was unable to identify where there was a discrepancy in the offer amount as the initial application was for £170,000, and the approved mortgage was also for £170,000.

However, Co-op agreed that the standard of customer service it had provided had been poor and that there had been some avoidable delays once the structural report had been received, which had been outside its timescales. It also accepted that its call wait times were unacceptable and that its systems had been unavailable at times during the period of Mr F's application. Co-op offered Mr F £350 for the distress and inconvenience caused by the call wait times, systems being unavailable and the overall delays in the application process.

Our Investigator looked into Mr F's complaint and did not ask Co-op to take any further action. In relation to the structural works, she noted that Co-op had acted in line with the recommendations in the valuation report and that it was not unreasonable for it to rely on their professional opinion. She did not think that Co-op had acted unfairly by requesting further information about Mr F's income to enable it to complete its assessment of the mortgage application.

In relation to Co-op reviewing the wrong person's documents, the Investigator was unable to conclude that this had impacted the application process. Although the request for the structural engineer's report contributed to the offer not being made sooner, she noted that there had been some avoidable delays which had been recognised by Co-op. The Investigator was satisfied that the £350 offered by Co-op was fair to recognise the shortfall in service, the additional effort Mr F had put in, and the distress and inconvenience he had experienced.

Mr F disagrees with this, so the case has come to me to make a final decision. He maintains that the structural work was unnecessary as the recommendation from the structural engineer was that no work was needed on the roof for mortgage purposes. He says that there was no clear reasoning as to why Co-op reduced the maximum loan amount. The £350 offered is insufficient to compensate for Co-op's failures and does not recognise the stress caused or the work to the roof.

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.

Having looked at the evidence, I agree with the Investigator's view for broadly the same reasons, and I've explained my reasons further below.

Structural Works

I have looked at the mortgage valuation report provided by Co-op's surveyor, following an inspection on 2 November 2023. Given that the application was received on 20 October 2023, I don't think that there was an unreasonable amount of time between this and the valuation report being prepared.

The valuation report indicates that a structural engineer's report was required and that the advice of a structural engineer or chartered building surveyor should be obtained "*on the condition of the trussed roof and the need to repair, replace or strengthen the roof structure*" and to undertake any recommended work. The report indicates that the property was suitable security for mortgage purposes.

Whilst Mr F says that the recommendations in Co-op's valuation report were incorrect, this is not something that I would be able to hold Co-op responsible for, as it wasn't Co-op itself that carried out the valuation.

Co-op instructed a surveyor to provide a valuation, in order to determine whether the property would provide suitable security for the mortgage. On the basis of the valuation report, I think it was reasonable for Co-op to rely on the recommendations of the expert surveyor it instructed and request a structural engineer's report. It appears from Co-op's records that this was requested on 14 November 2023 and that the broker was advised that this was outstanding on 20 November 2023, 23 November 2023, 4 December 2023 and 12 December 2023.

Mr F obtained a structural inspection report dated 13 December 2023 and submitted this to Co-op the following day. The conclusion of the report was that "*The distortion of the roof timbers and tiling cannot be rectified without removal of the tiling, membrane and replacement of at least some of the trussed rafters. However, the movement causing the distortion has been rectified by inclusion of the remedial bracing, and the roof structure is*

considered to be stable". The report recommended three specific areas of work to be carried out on the roof structure.

So, although Mr F has said that this report found there were "*no structural issues*", I disagree with this; the report explicitly recommended that work *was* carried out, albeit that he considered the roof to be 'stable'.

Co-op passed the report on to its surveyors, who requested that the recommended repairs were required, and Co-op contacted Mr F's broker on 20 December 2023 requesting that the structural work was completed. Again, on the basis of the valuation report, and the recommendations of Mr F's structural engineer, I think it was reasonable for Co-op to request that the recommended work was undertaken.

The case was reviewed by Co-op on 27 December 2023, 2 January, 5 January and 9 January 2024 but no further information had been received. So it contacted the broker on 9 January 2024 to see if Mr F still wanted to proceed with the application. I can't see that there has been any unreasonable delay here by Co-op, as it was waiting for the recommended work to be carried out.

Mr F says that a report from the roofer was provided to Co-op on 16 January 2024 and I can see that the broker called to chase this on 18 January and 19 January 2024. Co-op says that the report was assessed on 23 January 2024 and sent to Co-op's surveyors. It accepts that there was a small delay here.

Co-op's surveyors requested further evidence from the structural engineer to confirm that the recommended work had been completed. On the basis of this request from the surveyor, I don't think that it was unreasonable for Co-op to request this confirmation from Mr F. Co-op accepted there was another small delay here between the information being received and reviewed.

Mr F has said that he provided an expert opinion from a structural engineer explicitly stating that there should be no reason to delay a mortgage offer based on the condition of the roof, but that Co-op refused to accept this.

I have looked at the email sent by Mr F to the structural engineer on 29 January 2024, in which Mr F asks whether he was able to confirm that the strapping had been done. He also asked if the engineer could advise Co-op that the roof was structurally sound for the purposes of a mortgage. In his response on 5 February 2024, the structural engineer noted that the strapping did not appear to have been completed as previously advised and that – as per his report – he considered the roof structure to be stable. He stated "*The criteria for approval of a mortgage application is not within my knowledge, but there does not appear to be any reason for any mortgage application to be refused or delayed on the basis of the structural condition of the roof*".

So, whilst the structural engineer had confirmed that the roof structure was stable, all of the recommended work had not been done. It was not a matter for the structural engineer to advise whether or not Co-op should offer a mortgage. It was a matter for Co-op to determine whether it was willing to accept the property as suitable security for the mortgage, as it held the risk. Again, I think it was reasonable for Co-op to rely on the request from its surveyor.

Co-op's surveyor confirmed on 16 February 2024 that it was happy with the evidence provided and an offer was issued on 22 February 2024.

Overall, I am satisfied that Co-op acted fairly and reasonably in following the recommendations of its surveyor in deciding whether to accept the property as suitable security. Inevitably, the further report and carrying out of the recommended work involved the application process taking longer than it otherwise would have, but I don't consider this to be unreasonable in the circumstances.

Maximum Loan Amount

I can see that Mr F's mortgage illustration and DIP, both dated 20 October 2023, show a loan amount of £170,000.

Mr F says that he was advised by his broker on 10 November 2023 that the maximum loan amount had been changed to £130,000. He has provided a copy of some emails which show that the broker requested that Mr F provide some further evidence in relation to his payslips and bonus, so that she could appeal this as it appeared that Co-op was using his pre-pay rise salary.

Although Mr F says that this caused delay, I don't think it was unreasonable for Co-op to request further information in order to verify Mr F's stated income. Once this was reviewed, Co-op approved the loan amount of £170,000 on 12 December 2023 and I can see that the mortgage offer dated 21 February 2024 shows £170,000. Given that the structural engineer's report was outstanding over this time, I don't think that this has caused any additional delay to Mr F's application.

Third Party Document

Mr F has provided a copy of some messages between himself and the broker which appear to show that Co-op requested some information regarding the wrong person from the broker. However, the message from the broker informing Mr F of this request also states that Co-op had subsequently removed the request and advised that it had been put on the wrong case. I note that Mr F says that this issue arose in mid-January, and that the structural works to the roof were still outstanding at this point. So, whilst I accept that this was an error by Co-op, it appears to have been recognised and corrected swiftly and I can't see that it has caused any additional delay to Mr F's application.

Overall Delay and Service Issues

For the reasons set out above, it is my view that the length of time it took to process Mr F's application was predominantly due to the information requested by the surveyor in relation to the roof and the work which needed to be carried out. As explained above, I think this was reasonable and therefore I don't think the overall time taken for completion of the mortgage was unreasonable in the circumstances.

I have considered the offer made by Co-op. Mr F has said numerous service issues contributed to the time taken to process his application, including Co-op's systems and phone lines being down, unacceptable phone hold times, missed deadlines, and poor response times.

I can understand that this has been a frustrating process for Mr F. And Co-op has accepted that there were some minor delays in reviewing documents at some points of the application process. It also accepts that there was a further delay at the end of the process as it had not identified an issue with the voter's roll sooner. Co-op also accepted that its call wait times were unacceptable and that its systems had been unavailable during the period of Mr F's application. Given that the service was not up to the standard Mr F was entitled to expect, I am satisfied that the offer made by Co-op of £350 is fair to recognise the distress and inconvenience caused to Mr F in this regard.

As I do not find that Co-op's requests for the structural work to be completed and for further information regarding Mr F's income to be unreasonable, I am not going to ask Co-op to increase this offer. I know my decision will come as a disappointment to Mr F, but I can't say that Co-op has acted unreasonably or unfairly in respect of these aspects of his case, and I don't uphold this complaint.

My final decision

For the reasons I've explained above, I don't uphold this complaint and don't require The Co-operative Bank Plc to do anything further.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr F to accept or

reject my decision before 12 March 2025.

Rachel Ellis
Ombudsman