

The complaint

Mr G complains that Nationwide Building Society shouldn't have offered him a mortgage for the property he bought. Due to the construction type he's been unable to sell or re-mortgage the property.

What happened

Mr G took out a mortgage with Nationwide in 2022. He says the valuer instructed by Nationwide said the property was standard construction. Mr G says when he tried to sell or re-mortgage the property he found out other lenders won't lend on the property. He says other lenders view properties that are timber framed and built before 1970 as of non-standard construction.

Mr G says he installed cavity wall insulation while unaware that the property was timber framed and this further hindered him selling the property. Mr G says the mortgage was mis-sold by Nationwide.

Nationwide said it views the property as acceptable and of standard construction, with the outer skin of brick. It said it spoke to an external firm of valuers that confirmed there is a market for this construction type in the area. It said Land Registry data and an online property website showed sales nearby, which indicates demand.

Our investigator said the property met Nationwide's lending criteria. He said the valuation was carried out for the benefit of Nationwide.

Mr G didn't agree. He said Nationwide had a duty to lend responsibly. He said the property doesn't meet Nationwide's criteria as published on its website for professional intermediaries.

Mr G said it's significant that other lenders deem the property high risk. Mr G said Nationwide should have told him the property was timber framed and warned him about the risk of buying a property that he'd struggle to sell.

Mr G said Nationwide doesn't lend if a timber framed property has insulation – he says the property had insulation when he bought it. He says it's clear from the outside of the property that bricks have been removed and replaced.

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.

It's usual for lenders to instruct a valuation of the property before offering a mortgage. This is to assist them in making a lending decision. Ultimately, if the borrower doesn't repay the mortgage, the lender can take possession and sell the property to recover the debt.

Nationwide instructed a valuation in 2022 before offering a mortgage to Mr G. The valuer was a member of RICS, so I think they were suitably qualified. The valuation report says the

property is of standard construction. It said the property was readily saleable and suitable security.

The valuation report contains a notice to applicants. This says it's solely for the benefit of Nationwide, it's not a structural report and is based on a limited inspection which might not reveal serious defects. It says the report is unlikely to be adequate for a purchaser and they are strongly advised to obtain a fuller report.

Mr G says he didn't see the valuation report. So it seems he relied on Nationwide's decision to lend as re-assurance there was nothing concerning about the property that might make it difficult to sell or re-mortgage or be relevant to any work he intended to carry out.

I have read the valuation report. There's nothing in the valuation report that ought reasonably to have caused Nationwide concern when making a lending decision.

Mr G says he's tried to sell the property or re-mortgage as a buy to let. Mr G says he's been told by mortgage intermediaries that the property isn't considered to be of standard construction or acceptable security by lenders, including Nationwide. He says transactions have fallen through after valuations of the property.

Mr G provided a copy of the criteria that Nationwide provides to intermediaries regarding construction types. This says "timber framed property with outer walls of brick/reconstituted stone/block (including rendered walls), built 1970 or after" is considered traditional construction and normal lending rules apply.

Mr G says this excludes his property, which was built before 1970. I think this might simply reflect that not all of the detail of Nationwide's lending criteria is published or that its valuers have a measure of flexibility when assessing properties.

After Mr G raised a complaint, Nationwide contacted its senior valuer and its internal valuation team. They confirmed that Mr G's property – a timber framed building with an outer skin of brick or block cladding – is acceptable and Nationwide would view this as standard construction. Nationwide provided an extract from its lending criteria, that timber framed properties with a brick or block cladding are acceptable. Its valuer confirmed that this includes properties built earlier than 1970, like Mr G's property.

Lenders are entitled to set their own lending criteria, in accordance with their risk appetites. This provides competition in the market. While some lenders might not view Mr G's property as suitable security that doesn't mean Nationwide made an error when it agreed to lend.

Mr G said he installed cavity wall insulation when he didn't know the property was timber framed. He said the installers accepted they didn't check if the property had a timber frame and removed the insulation. However, this left marks on the exterior of the property which caused problems when the property was valued. Mr G says he'll need to pay for a timber survey. I don't think I can fairly find that Nationwide was responsible for unsuitable work carried out on the property after the valuation.

Mr G says Nationwide had a responsibility to lend responsibly and to warn him that the type of property construction might be viewed as high risk by other lenders.

The mortgage was recommended to Mr G by a broker. Any questions he had about other lenders' criteria should have been raised with the broker. I don't think Nationwide had fairly to warn Mr G that he might not meet other lenders' criteria. The valuation was carried out for the benefit of Nationwide and was limited in scope. Mr G said he didn't receive a copy of the valuation report. Mr G could have instructed a survey if he wanted a more detailed report on

the property for his own benefit.

Mr G hasn't said he considers Nationwide to have lent irresponsibly other than due to his concerns about the construction type of the property.

As I said, there was nothing in the valuation report that ought reasonably to have caused Nationwide concern. I think it was reasonable for Nationwide to rely on the valuation report when it made a lending decision. Based on the information it had, I think it was reasonable for Nationwide to assess the property as suitable security for the loan, in accordance with its own lending criteria. It follows that I don't uphold this complaint.

Recently, Mr G said there was insulation in the property when he bought it, which he says is unsuitable. He says it's obvious from the exterior that some bricks have been removed and replaced and this should have alerted the valuer to a potential problem. In effect, Mr G is saying that the valuation was not carried out competently. I think this is a new issue to the one Mr G raised with Nationwide. It hasn't had an opportunity to respond to this issue. That means I can't fairly look into it here.

I'm very sorry for the situation Mr G has found himself in. From what he's said, he's taken advice from an intermediary which hasn't been fruitful. I don't know if Mr G thinks it might be worth taking advice from another independent financial adviser who can look for a lender that accepts properties of this type. Mr G might consider discussing his options with Nationwide. For instance, if he's no longer living in the property and can't sell it, if it would give him consent to let the property.

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 G to accept or reject my decision before 27 February 2025.

Ruth Stevenson
Ombudsman