

The complaint

Heading

This complaint is about a mortgage application made by Mr and Mrs Y to Skipton Building Society in 2024.

The essence of the complaint is that Skipton withdrew the mortgage offer after Mr and Mrs Y had exchanged contracts on their new property purchase. This exposed them to the risk of losing their deposit if they didn't complete the purchase. They did succeed in completing, but say this came at an additional cost and a great deal of stress and anxiety, for which they say Skipton should compensate them.

Mr and Mrs Y are represented in their complaint by a third party whom I'll refer to as Mr PY.

What happened

The above summary is in my own words. The basic background to this complaint is known to both parties so I won't repeat the details here. Instead I'll focus on giving the reasons for my decision. If I don't mention something, it won't be because I've ignored it. It'll be because I didn't think it was material to the outcome of the complaint.

What I've decided – and why

I'll start with some general observations. We're not the regulator of financial businesses, and we don't "police" their internal processes or how they operate generally. That's the job of the Financial Conduct Authority (FCA). We deal with individual disputes between businesses and their customers. In doing that, we work within the rules of the ombudsman service and the remit those rules give us. We don't replicate the work of the courts.

We're impartial, and we don't take either side's instructions on how we investigate a complaint. We conduct our investigations and reach our conclusions without interference from anyone else.

Although I've read and considered the whole file I'll keep my comments to what I think is relevant. If I don't comment on any specific point it's not because I've failed to consider it but because I don't think I need to comment on it in order to reach what I think is the right outcome in the wider context. My remit is to take an overview and decide what's fair "in the round". In doing that, I don't take instruction from either party to the complaint.

Our rules say that a complaint may be brought on behalf of an eligible complainant by a person authorised by the eligible complainant or authorised by law. In this respect, Mr PY is bringing the complaint on behalf of Mr and Mrs Y, with their authority.

I must explain that, although Mr PY represents Mr and Mrs Y, it is they who are the eligible complainants. Mr PY's role is to bring the complaint on their behalf, in the same way that other consumers might instruct a solicitor or accountant to represent them in a complaint.

But this does not entitle Mr PY to consider it his complaint or to air his own grievances about Skipton, because he is not its customer.

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

That includes all of the material Mr PY sent us after the investigator issued his view.

New rules came into force in March 2017 that made it much harder for a lender to withdraw a mortgage offer once it's been issued. The outcome of this complaint turns on one question: was Skipton justified in withdrawing the mortgage offer when it did?

Mr and Mrs Y are understandably unhappy and frustrated at not being told the reason for the withdrawal. The bank has told us, but in confidence. Our rules permit this; it's then for me to decide whether it's fair to rely on evidence that only one party has seen. The information (and its source) is sensitive and on balance I don't believe it should be disclosed. But it's also clearly material to the issue of whether Skipton has treated Mr and Mrs Y fairly.

So I'm persuaded I should take it into account when deciding the outcome of the complaint. That's what I've done, and the conclusion I've reached is that Skipton didn't act unreasonably when it withdrew the offer. It could do that - the offer itself said this - and I'm satisfied Skipton didn't act unfairly when it exercised its judgement in the way it did. It received the confidential information after contracts had been exchanged. Had that information been available earlier, I'm satisfied Skipton would not have issued a mortgage offer in the first place.

My final decision

My final decision is that I don't uphold this complaint or make any order or award against Skipton Building Society.

My final decision concludes this service's consideration of this complaint, which means I'll not be engaging in any further discussion of the merits of it.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr and Mrs Y to accept or reject my decision before 4 March 2025.

Jeff Parrington

Ombudsman