

## **The complaint**

This complaint is about a mortgage application made by Mr S and Mr T to The Co-operative Bank Plc (hereafter referred to as Co-op).

The essence of the complaint is that Co-op refused a mortgage application after initially issuing a decision In principle (DIP) to their broker for the amount they wished to borrow. Mr S and Mr T are also unhappy with the time Co-op took to give its decision, and with the time it took to deal with the complaint.

## **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.

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

My starting point here is that no one is entitled to borrow money and a lender isn't obliged to lend. But a lender must treat customers fairly. In the context of an application for a new mortgage, that means assessing it in accordance with the bank's lending criteria and being mindful of what mortgage regulation requires of it, which includes considering what is in a customer's best interests.

Mr S and Mr T are understandably unhappy and frustrated at their application being turned down. The bank has told us the reason why, albeit 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 Co-op has treated Mr S and Mr T 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 Co-op didn't act unreasonably when it refused the application. It could do that – the DIP was in no way a promise to lend.

Co-op received the confidential information as part of the normal underwriting checks that all lenders do after receiving a mortgage application.

The application was received on 20 March 2024; Co-op initiated its normal underwriting checks, which included credit searches and a valuation, within what I consider to be a reasonable interval without undue delay. It requested further information of the broker, which was received on 4 April 2024. After completing its full assessment of the application, Co-op informed the broker of its decision to reject the application on 9 April 2024. Allowing for the intervening weekend, I'm satisfied that was a reasonable timescale.

The complaint was not dealt with within the timescales set out by the FCA. However, as complaint handling isn't a regulated activity, it's not in my remit to consider how long Co-op took to investigate and issue its final response.

### **My final decision**

My final decision is that I don't uphold this complaint or make any order or award against The Co-operative Bank Plc.

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 S and Mr T to accept or reject my decision before 24 March 2025.

Jeff Parrington

**Ombudsman**