

The complaint

Mr G and Mr M complain that Nationwide have not compensated them sufficiently for the distress and inconvenience caused by the errors it made with their mortgage application.

What happened

On 14 June 2024 Mr G and Mr M submitted a mortgage application to Nationwide, via a broker, for the purchase of a property. Mr G and Mr M say, in the weeks that followed their application, a combination of errors and a lack of clarity from both Nationwide and the valuer it appointed, caused them significant distress and inconvenience. And they say it caused the seller of the property to become distrustful of their ability to complete on the purchase, resulting in an insistence that they bring the completion date forward. They say that led to them having to accept a more expensive interest rate product.

Mr G and Mr M's purchase of the property completed on 30 August 2024. But they say Nationwide also caused them distress on that day because it delayed the release of the mortgage funds. They say the funds were supposed to be issued on 29 August 2024 but did not arrive until approximately 11:30am on the morning of 30 August 2024.

Mr G and Mr M have provided the following list of errors they say Nationwide are responsible for:

- The valuer did not request the completion of a 'disclosure of incentives' form (DIF) when it should have done.
- Nationwide failed to inform Mr G and Mr M that they needed to complete the DIF when they called for an update on 5 July 2024.
- Mr G and Mr M's broker had to chase Nationwide for information on 9 July 2024 after it had informed them of the need for the completed DIF.
- Nationwide failed to fulfil the request agreed by its helpdesk on 30 July 2024 that its underwriter would contact Mr G and Mr M's broker.
- The valuer used unclear and misleading terminology when reviewing the DIF which resulted in further delays.
- Nationwide's response to Mr G and Mr M's solicitor regarding search insurance was vague and unhelpful causing it to contact Nationwide again for clarification.
- Nationwide delayed the release of the mortgage funds on the day of completion causing further distress to Mr G and Mr M.

Mr G and Mr M say Nationwide has acknowledged fault for the above but not for a number of other administrative failings throughout the process.

In its final response letter to Mr G and Mr M's complaint, Nationwide acknowledged most of what Mr G and Mr M have said – as bulleted above. But it didn't acknowledge that it was responsible for all delays. Specifically, it said when it received the DIF on 24 July 2024 it was not manually signed as Nationwide had requested. So, it returned the DIF and didn't receive a manually signed version until 5 August 2024. But Nationwide acknowledged, overall, that it caused a two-week delay.

To compensate Mr G and Mr M for the distress and inconvenience caused, Nationwide offered them £250. But Nationwide said it could not refund the product fee as they had benefited from a reduced rate product. And they wouldn't compensate Mr G and Mr M for a lower rate they may have been able to secure if the completion date hadn't been moved forward, as the decision to do so was driven by a third party.

Dissatisfied with Nationwide's response, Mr G and Mr M asked us to consider their complaint. Our investigator said he hadn't seen sufficient evidence that Nationwide's administrative errors were the cause of the property seller's insistence that the completion date be moved forward. So, he wouldn't recommend that Mr G and Mr M be compensated for any loss caused by the resultant change in interest rate product. He also said he wouldn't recommend that Nationwide refunds the product fee charge, because that charge, predominantly, was the cost of securing the borrowing at a given interest rate.

Our investigator also outlined our guidance on distress and inconvenience awards, as shown on our website. I've copied what he said below because it's particularly significant in deciding this complaint. He said:

This guidance says the following:

We're all inconvenienced at times in our day-to-day lives – and a certain level of frustration and minor annoyance is expected. For us to make an award we'd need to see that the impact of a business's mistake was more than someone would expect to experience as part of everyday life, such as a business's phone lines being busy.

It goes on to say we might make an award of up to £300 where:

If an error has caused the consumer more than the levels of frustration and annoyance you might reasonably expect from day-to-day life, and the impact has been more than just minimal, then an apology won't be enough to remedy the mistake.

An award between £100 and £300 might be fair where there have been repeated small errors, or a larger single mistake, requiring a reasonable effort to sort out. These typically result in an impact that lasts a few days, or even weeks, and cause either some distress, inconvenience, disappointment or loss of expectation.

It says we might make an award of up to £750 where:

An award of over £300 and up to around £750 might be fair where the impact of a mistake has caused considerable distress, upset and worry – and/or significant inconvenience and disruption that needs a lot of extra effort to sort out. Typically, the impact lasts over many weeks or months, but it could also be fair to award in this range if a mistake has a serious short-term impact.

Our investigator concluded by saying he thought Nationwide should increase its offer of compensation by £200 – to £450 – in line with our guidance. But, he explained, that he hadn't recommended an award at the top of that particular band because higher end awards tended to be made for distress and inconvenience caused over a longer time period.

Nationwide accepted our investigator's view, but Mr G and Mr M didn't. They said they would accept a compensation amount of £750, based on our investigator's explanation of our award bands. They say they should be awarded the maximum in the respective band because they've endured considerable distress due to multiple mistakes made by Nationwide. And it took considerable effort on their part to identify and rectify those mistakes.

Our investigator didn't increase the amount of compensation he recommended but did ask Nationwide if it would offer Mr G and Mr M £750 to resolve their complaint. Nationwide did not agree to a further increase to its original offer, so the issue of the level of compensation payable for the distress and inconvenience caused remains unresolved.

As Mr G and Mr M didn't agree with our investigator, their complaint has been passed to me for a decision.

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.

To decide Mr G and Mr M's complaint, I've thought about whether the offer recently made by Nationwide, based on the recommendation of our investigator, is sufficient compensation based on our guidance for such awards. I note that in their submissions Mr G and Mr M have itemised each error and suggested that each error individually is worthy of compensation. While those submissions have been helpful in my consideration of this complaint, I'll look at the overall impact of Nationwide's errors while remaining mindful of the distress caused as those errors occurred. It's worth reiterating here what our investigator said about our remit. We're not here to punish or fine respondent businesses for errors made. Instead, we look to compensate consumers for the impact of those errors.

Mr G and Mr M's application was submitted to Nationwide on 14 June 2024 and the mortgage funds were released to Mr G and Mr M's solicitor on 30 August 2024. So, the distress and inconvenience caused to Mr G and Mr M in relation to their mortgage application happened over a period of approximately two and a half months. It's often the case that mortgage applications run into complications during the process. But, in this case there is little doubt – because Nationwide has acknowledged this – that Nationwide, or the valuer it appointed, made errors adding to the overall time taken between application and offer (two months, as the offer was made on 16 August 2024).

Nationwide says its errors were the cause of approximately two weeks delay. Having considered Mr G and Mr M's submissions and Nationwide's internal notes, I think that's a reasonable estimate. However, the overall delay doesn't appear to be a significant issue here. I say that because Mr G and Mr M say they had to bring their completion date forward – a request that Nationwide was ultimately able to fulfil. Instead, they say, it was the apparent lack of progress in the early stages of the process that led to an unsettled seller putting pressure on Mr G and Mr M to bring completion forward or risk the collapse of the purchase. Mr G and Mr M say the bringing forward of the completion date led them to miss out on a more favourable rate. I'll address that issue now.

I've seen that Mr G and Mr M made three applications to Nationwide – each subsequent one applying for a more favourable fixed interest rate product than the former. So, it is reasonable to conclude they were likely to have done that again if a more favourable rate became available before the date of their completion (whenever that was). But I've not seen evidence to persuade me that it was Nationwide's errors that led to the seller's demands for an earlier completion. There are a number of possible motivations for a seller to want the completion of the sale to happen quickly and I don't have any way of establishing which of those was actually dominant here. I would add that I wouldn't hold Nationwide responsible for the way the relationship between a buyer and a seller was managed – either that was the responsibility of Mr G and Mr M or an estate agent. That means I don't think it's more likely than not that Nationwide was responsible for the date of completion being moved forward, and so compensation for missing out on a more favourable rate is not appropriate.

Mr G and Mr M initially asked that the product fee they paid be refunded because of Nationwide's service. I understand their sentiment in that regard as they see the product fee, at least in part, was levied to cover the costs of the administration in setting up their mortgage. But ultimately, Mr G and Mr M received the product they applied for, which allowed them to purchase the property they wanted. And, irrespective of the service Nationwide provided, it still incurred the administrative costs of setting up their mortgage, as well as the cost of securing the borrowing at the rate Mr G and Mr M applied for. So, the appropriate way of compensating Mr G and Mr M for the errors made by Nationwide is to make an award in respect of the distress and inconvenience caused to Mr G and Mr M by those errors. That brings me back to our guidance on awards for distress and inconvenience as quoted above.

Our award band from £300 to £750 recognises "*where the impact of a mistake has caused considerable distress, upset and worry – and/or significant inconvenience and disruption that needs a lot of extra effort to sort out.*" The process of buying (and selling) property is widely considered stressful, and I don't think it's necessarily realistic to have the expectation that there will be no complications that require intervention.

I've seen from Mr G and Mr M's submissions that there were a number of instances which required intervention – sometimes by them and other instances from their mortgage broker or solicitor. And I agree that the number of those instances was more than is reasonable to expect. However, the seriousness of those instances wasn't such that the issues couldn't be overcome. In other words, those errors were not disastrous in that they ended up wrecking Mr G and Mr M's plans or causing long term damage. But It's clear from what Mr G and Mr M have said that those errors caused them considerable distress, upset and worry. So, I agree with our investigator that the appropriate award falls into the £300 to £750 band.

Mr G and Mr M say they should be awarded the maximum in that band because they've endured considerable distress due to multiple mistakes made by Nationwide. And it took considerable effort on their part to identify and rectify those mistakes. I think their reasoning for why they should be awarded the maximum amount available in the band is the same as the reason I think it falls *within* the band.

I understand that on the day of completion it must have been particularly stressful that the mortgage funds were not released when expected. And I understand there were times throughout the process when they may have thought they'd lose the property they wanted. I don't doubt the intensity of those emotions in those moments. And I don't doubt that the purchase of that particular property was important to them. But none of that indicates to me that an award should be made at the top end of that band.

As I've said, Mr G and Mr M did end up with the property they wanted, funded by the mortgage they applied for. Having carefully considered all submissions, I don't think the distress caused by Nationwide's errors, the effort made by Mr G and Mr M to rectify them, or the time over which their distress was sustained was extreme enough to warrant an award in the top half of the £300 to £750 band. So, I think the award of £450, recommended by our investigator and accepted by Nationwide is fair and reasonable.

Putting things right

To compensate Mr G and Mr M for its errors, Nationwide should pay them a total of £450. In the interests of clarity, that means £450 less any other amount already paid by Nationwide to Mr G and Mr M in this regard.

My final decision

My final decision is I uphold Mr G and Mr M's complaint about Nationwide Building Society, and it should pay them a total of £450.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G and Mr M to accept or reject my decision before 25 April 2025.

Gavin Cook
Ombudsman