

The complaint

Ms I complains that she asked for a Level 3 full structural survey from Mortgage Advice Bureau Limited ("MAB") on the property she intended buying but there was a substantial delay in getting it done. When Ms I got the survey report she pulled out of the house purchase but because of the delay she had to pay the costs of moving and other expenses and was distressed at having to pull out of the purchase at the last minute.

What happened

Ms I agreed to buy a property in a different city from where she was then living at a price of £165,000.00. Ms I requested a building survey to be done at the meeting with the mortgage adviser on 7 March 2024. The mortgage application was processed and on 12 March Ms I was told by email that the valuation was satisfied and suitable for lending purposes and a copy of the valuation was attached. Ms I got a mortgage offer at the beginning of April 2024. Although at the time of the initial advice, Ms I requested a Level 3 survey on the property, MAB didn't issue the instruction requesting the survey and none was done at that time. In anticipation of moving to her new property in September, Ms I decided not to renew her rental agreement in May 2024 and moved into short term rented accommodation in the new location from July 2024 along with her son who was moving with her to a college in the new location. She put her belongings in storage. MAB didn't commission the report as requested and not until after Ms I contacted them in July. Eventually MAB commissioned the Level 3 survey on 19 August and Ms I received the report on 2 September and as a result of the contents of the report, pulled out of the purchase on 3 September. Instead of moving into her new home in September, Ms I had to move into emergency accommodation and then into a rental property paying a higher rent because of her emergency circumstances. The whole experience has been distressful for Ms I, and she believes that it contributed to her losing her job.

MAB upheld the complaint and agreed to reimburse Ms I's legal costs when vouched and to pay her £400 for her distress and inconvenience.

Our investigator's view

Our investigator upheld the complaint but said that the compensation should be increased. Her view was that if MAB instructed the Level 3 survey sooner and the results had been received earlier, it's likely that Ms I would not have instructed solicitors, nor have left her rented property and moved in advance of the purchase and incurred storage and rental costs in the new location although she would have had to pay housing costs in any case. So, our investigator recommend that MAB reimburse Ms I the extra costs involved in rental and storage above the £1,500 she was likely to pay in rent in any case and the £579 solicitors fees that she paid. Our investigator also considered that £600 more fairly represented Ms I's distress and inconvenience than the £400 that MAB offered.

MAB disagreed saying in summary that it did not believe that it should cover the costs of accommodation as this risk is carried with all property purchases specifically those that include a relocation. Ms I also disagreed with our investigator saying in summary that MAB's

delay in instructing a Level 3 survey had severe personal consequences for her including therapy for depression caused by the stress caused by MAB's handling of the process.

my provisional findings

As I disagreed with the view of our investigator I issued a Provisional Decision which I set out below :

"It's agreed that at an early stage Ms I asked for a Level 3 survey. MAB didn't commission this until Ms I reminded MAB of it in July and when it was done, Ms I felt unable to continue with the house purchase and pulled out of it just before completion. In the meantime, Ms I had taken a number of steps in preparation for the house purchase which involved her moving from one city to another and incurred related costs. It's accepted that MAB didn't commission the Level 3 survey and was at fault for that but how much should it be responsible for the costs Ms I incurred in preparation for the house move?"

I have to consider the roles of the party's here. MAB was retained as a mortgage adviser which sourced at a fairly early stage a mortgage for Ms I. It also offered to instruct a surveyor on her behalf which it agrees it failed to do in a timely manner. The decision on the purchase of the property and whether she was content to buy it rested with Ms I.

As Ms I requested a Level 3 survey, whatever would appear on that survey was likely to affect her decision on the purchase and she might well pull out of the sale, as she did, if there was an adverse finding on the survey. So, Ms I couldn't commit herself fully to the sale until she got the results of the survey. But Ms I proceeded on the basis that the purchase would go through and made a number of decisions without waiting for the survey's results or even enquiring as to its progress. So, Ms I was taking a risk in making preparatory moves to the new location without knowing what was contained in the survey report that she requested.

In fact there was no progress on the survey as MAB seems to have mislaid the instruction that Ms I gave but Ms I makes no enquiry about the progress of the survey during the four months that passed until late July when MAB then instructed a surveyor and when the surveyor reported Ms I pulled out of the purchase.

Central to the failure of the purchase is that this property was constructed using Precast Reinforced Concrete ("PRC"). I see that's referred to in the lender's valuation, but it's not referred to in the mortgage offer although I've not seen the solicitors' instructions. I note that many lenders will only lend on these types of properties if they are satisfactorily repaired with the appropriate certification. I believe that it's likely that it was the solicitor who raised this with Ms I at the end of July arising out of her lender's instructions to the solicitor. I say that as in her email to us on 4 April 2025 to us, Ms I says "Level 3 survey delay was a critical failure. If it was instructed by MAB and forwarded to the mortgage provider in the beginning of the process as it was supposed to happen, then I could have had a clearer understanding of the property's condition." But when Ms I asked for the Level 3 survey at the start it wouldn't have been forwarded to the mortgage provider as it was requested by Ms I not her lender. So, I believe it's likely that the solicitors' instructions must have referred to a survey being a requirement of the lender before the mortgage could proceed.

At that stage in July, Ms I requested a survey from MAB that she thought had been done. In fact, all that had been done at that stage was the lenders valuation. Ms I says that as first-time buyer she was unaware of the difference between a valuation and a Level 3 survey. But the valuation makes clear that it's not a survey. Indeed, it says "There may be defects in the property which are not revealed by the valuation report therefore we recommend you undertake your own detailed surveys on the property"

Ms I's point is that if MAB had instructed the surveyor earlier that she could have pulled out of the purchase earlier and saved herself a lot of money and distress because of the preparations she made in the meantime to move house. Whilst that is true, Ms I decided to make those preparations without awaiting the outcome of the survey or even enquiring as to how it was progressing until prompted by the solicitor in July. That was Ms I's choice, but I don't consider that it's reasonable to require MAB to compensate her for costs that could have been avoided depending on the outcome of the survey.

My view in those circumstances is that Ms I should have enquired as to when she would get the results of the survey and made her decisions based on the timing of that, and if she didn't make those enquiries any costs incurred in preparation for the move were down to her. If Ms I's decision on buying the house was dependent on the results of the Level 3 Survey, it would seem reasonable to wait on the survey and not make decisions that would expose herself financially on the assumption that the result of the survey would be positive when it might not. Although MAB was responsible for a delay in instructing the survey, MAB isn't required to compensate Ms I for her decisions to proceed on the assumption that the outcome of the survey was going to be positive.

What should MAB pay? It should pay Ms I's solicitors costs. If Ms I had a mortgage offer, and a positive valuation, it would be reasonable to engage a solicitor, and MAB has agreed to pay these in any case. I don't agree that it should pay Ms I's costs related to moving location in anticipation of the purchase. Ms I says that if she got the survey results earlier she could have pursued alternatives in the housing market. But why didn't she ask for the results of the survey earlier? If she had, it would be clear that it hadn't been commissioned, it would then have been instructed, and Ms I would have the survey and made her decisions based on that. Ms I doesn't appear to have asked about the survey for four months and it seems to me that it would be reasonable for her to have asked about the progress of the survey had it been of some significance to her at that time.

But there is no doubt that the failure of the purchase to proceed has caused Ms I a great deal of upset as unfortunately is common with aborted sales but particularly in this case. As Ms I had a mortgage offer and a positive valuation, for the period from March to September she would have reasonably assumed that it was likely that the purchase would go through - given she had no negative information - and made plans based on that, which wasn't only moving house but moving to another city and the opportunities that would bring. So, having positive information about the purchase for 5/6 months, it would have been a great disappointment to Ms I to find out that the survey was negative, and the sale couldn't go through. MAB of course wasn't at fault for the contents of the survey, but it would be very disappointing for Ms I to find out at such a late stage the true state of the property and that the sale couldn't proceed. I've read how this has affected Ms I and although my view of the complaint differs from that of our investigator, I agree that an award of £600 more fairly compensates Ms I for her distress and inconvenience."

I issued my Provisional Decision and invited further submissions from Ms I and MAB. Ms I has explained the trauma that this episode has caused her but wants to move on with her life but wants me to fairly review the evidence including the further documentation she sent me. B says that its willing to meet the solicitors' costs and £400 compensation but disagrees with the figure I suggested of £600.

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.

I thank both Ms I and MAB for considering my Provisional Decision carefully and for their further submissions. I know that Ms I invested a lot in this move and it's been a costly experience for her. My role is to decide whether MAB has done anything wrong and if so how much should it pay. MAB accepts it wrongly failed to commission a survey so the question is how much it should pay as a result. MAB accepts that it should pay Ms I's costs of engaging a solicitor, which I understand was £579, and £400 for Ms I's distress and inconvenience. Ms I says it should pay more including the costs of moving location and compensation for her trauma at losing the house sale. I said in my provisional decision that if Ms I's decision to purchase the property depended on a survey it would be reasonable for her to wait on the survey before relocating. I understand Ms I to say that she was sent what she was told was the survey report, but it was in fact the lender's valuation and based her decisions on that.

But as I say above the lender's valuation clearly says it's not a survey and if Ms I required a survey before deciding on the purchase of a property it would have been reasonable to have waited until she got it before making the preparations to move location that she did. That's why I can't fairly require MAB to meet the resulting cost. On the other hand, I believe that compensation of £600 is fair compensation for the distress and inconvenience that Ms I suffered as a result of MAB's failure to commission the survey. For several months Ms I would only have had positive information that the purchase was going ahead and nothing negative. Because of the length of time that such optimism persisted it would have been a severe blow to Ms I when she finally got the results of the survey. Had MAB done its job properly and commissioned the survey when it agreed to do so, Ms I would have been in a better position to handle the fall out. For the above reasons I'm of the view that my Provisional Decision represents a fair outcome to this complaint.

Putting things right

Mortgage Advice Bureau Limited should reimburse Ms I the cost she expended on her solicitor's fees of £579 and £600 for her distress and inconvenience. MAB should also pay Ms I interest on £579 from the date she paid those fees until date of payment at 8%. If MAB is required to deduct tax from the interest element of the award it should provide Ms I with a Certificate of Tax Deducted to allow her to reclaim that tax from HMRC if she is able to do so.

My final decision

My decision is that I uphold this complaint and require Mortgage Advice Bureau Limited to pay compensation as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms I to accept or reject my decision before 18 August 2025.

Gerard McManus
Ombudsman