

## **The complaint**

This complaint is about an application Mrs and Mr M made to port the lifetime mortgage they held with Nationwide Building Society to a new property. Nationwide turned down their application, resulting in the mortgage being repaid, and an early repayment charge (ERC) being levied. Mrs and Mr M say Nationwide delayed matters and treated them unfairly and should refund the ERC. Nationwide has paid them £200 compensation for their time and trouble, but says the application wasn't unduly delayed and the decision to charge an ERC was legitimate.

## **What happened**

The above summary is in my own words. The basic background to this complaint is well 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've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

The mortgage offer Nationwide issued to Mrs and Mr M in 2020 explained that any proposal to transfer the mortgage debt to a new home would be dependent on the proposed new property being acceptable security. Nationwide set the terms of the offer out in a manner that met the requirements of the regulator.

In Mrs and Mr M's case, the surveyor instructed by Nationwide concluded that the property they were proposing to buy wasn't acceptable security under Nationwide's lending criteria. That's no doubt a source of genuine frustration and upset for Mrs and Mr M. But it's not down to anything Nationwide did or failed to do. It's entitled to rely on the opinion of the qualified professional appointed to assess the proposed property's suitability as security for a mortgage. It's not within my remit to consider whether the surveyor's assessment of the property was faulty in any way.

I've no regulatory function; it's not my role to decide what Nationwide's lending policy (or any lender's for that matter) on acceptable properties should be. If Nationwide is reluctant to lend on a property, that's a matter for its commercial judgement. But it should apply that policy fairly, and here I'm satisfied it did so by relying on the surveyor's opinion. If Mrs and Mr M have since been able to obtain a mortgage elsewhere, that doesn't change my conclusion. Each lender will have its own appetite for risk and set its lending policy accordingly.

Mrs and Mr M have said that the cause of the property being unsuitable, the existence of a second kitchen on the first floor, was made known to Nationwide in a phone call on 13 May 2024 right at the start of the application process. I've listened to a recording of that call; I'm not persuaded it contained anything that should have alerted Nationwide there might be a problem with the suitability of the proposed new security. Mr and Mrs M refers to

refurbishing the kitchen, because it isn't configured to their preferred layout, but make no mention of there being two kitchens.

I've looked at the archived property listing, which the mortgage advisor pulled up onscreen during the call. None of the photos show a second kitchen; the only hint is on the floorplan which labels the room in question as "bedroom 4/utility". From the call, the impression I get is that the advisor only gave the listing a cursory examination to establish the identity of the house and make sure Mrs and Mr M agreed this was the one they were looking at. There's no suggestion he studied the content of the listing to any extent, such that he might (or could) have realised one of the upstairs rooms contained an additional kitchen.

Mrs and Mr M are also unhappy with the amount of time that passed between the application being submitted and the valuer being instructed. Nationwide has explained why that was; it needed to carry out a status check on one of the applicants before issuing the valuation instructions. I'm satisfied that was appropriate. I won't disclose the reason for the check, due to its sensitive nature, but it was essential.

With Nationwide having decided, legitimately, not to lend, Mrs and Mr M were faced with a choice between two unwelcome alternatives; abort the purchase of this specific property in favour of an alternative on which Nationwide would lend, or continue with the transaction knowing they would have to repay the existing mortgage, and incur an ERC. They went with the latter, and that, of course, was their prerogative. But whilst I imply no criticism whatsoever of the decision Mrs and Mr M made, it was their choice, and they made it knowing what the consequences would be.

### **My final decision**

My final decision is that I don't uphold this complaint.

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs and Mr M to accept or reject my decision before 10 November 2025.

Jeff Parrington  
**Ombudsman**