

The complaint

Mr G complains that Nationwide Building Society declined his mortgage application based on comments by a surveyor on the valuation. But it later approved a mortgage on the same property when nothing had changed.

What happened

Mr G had a mortgage approved by Nationwide. After the property had been valued it came to light that the property Mr G was buying had a ground rent that was between 0.1 and 0.5% of the property value and doubled every 25 years. Nationwide referred that point to the surveyor who valued the property – although there was an avoidable delay in it doing so. The surveyor said unless the ground rent was changed by a deed of variation it would likely reduce the value. The mortgage offer expired and the application closed.

Mr G made a new application to Nationwide for the same property. It was approved and the mortgage completed.

Mr G complains that Nationwide handled his applications inconsistently and unfairly. He said he had to continue renting for three months and he wants Nationwide to pay him the rent he had to pay. He also said he was caused considerable stress and inconvenience, including in completing two mortgage applications, entering into lengthy and unnecessary negotiations with the seller and freeholder over a deed of variation, and the sale almost falling through.

The investigator thought that the £750 Nationwide had paid was a fair amount to reflect the impact of delays on Mr G.

Mr G did not accept what the investigator said. He responded to make a number of points, including:

- His complaint was not about the professional judgment of a surveyor, but about Nationwide's inconsistent application of its own policy.
- Both surveyors reviewed the same lease within six weeks yet reached opposite conclusions. – the first requiring a deed of variation, the second not.
- Nationwide later confirmed in writing that no deed of variation or indemnity was required. That shows the initial refusal was avoidable and inconsistent.
- Nationwide's own policy allows ground rent exceeding 0.1% of the property value to be accepted at surveyor discretion provided the ground rent does not double no more frequently than every 25 years. The first surveyor's decision is out of line with the guidance.
- The resulting three-month delay meant he had to pay an additional £2,463 in rent and caused significant stress and inconvenience. Comparing that to his mortgage payment misses the point – the loss arose from the delay, not the relative payment amounts.

- Nationwide's own mortgage portal values the property at £200,288 with no restrictions. That reinforces that the lease terms were not genuinely problematic and the property was satisfactory security under Nationwide's criteria.

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 understand why Mr G feels he's been treated unfairly. Nothing had changed between the first and second applications, yet the outcome was different. But, after carefully looking at everything, I consider Nationwide acted reasonably. I will explain why.

Nationwide has given me a copy of its policy in respect of ground rent. Mr G is correct that the fact the ground rent doubled every 25 years was not outside its policy. Rather, it was because the ground rent was between 0.1 and 0.5% of the property's value that required a referral to the surveyor. I am satisfied that Nationwide acted in line with its policy when it referred the amount of the ground rent to the surveyor.

The surveyor said that he believed the amount of the ground rent and the fact it was set to double in 2031 and then double again was onerous. So either a deed of variation or a reduction in value of £20,000 was required.

The surveyor was not an employee of Nationwide. They were independent and suitably qualified. Nationwide was not responsible for the surveyor's decision and it was reasonable for it to rely on the surveyor's opinion. There is nothing that the surveyor said that ought to have led Nationwide to consider they had made any mistake. It was the issue with the amount of the ground rent, rather than the fact it doubled that made it outside Nationwide's policy. But it was reasonable and in line with good practice for the surveyor to consider the ground rent as a whole and whether it affected their valuation.

Therefore, I don't consider Nationwide made a mistake or treated Mr G unfairly by requiring a deed of variation in the first application. So I can't say that it should compensate Mr G for the impact of that.

There was a different surveyor used in the second application. We have evidence they were aware of the amount of the ground rent and that it doubled. Taking that into account they did not consider that a deed of variation was required. Again, it was reasonable for Nationwide to accept the surveyor's professional opinion. The fact that two surveyors reached different opinions on the same facts does not necessarily mean that either of them was "wrong". It reflects there is a degree of latitude in how they interpreted the information they had been given.

Nationwide has accepted that it made mistakes with the first application. It delayed referring the issue with the ground rent to the surveyor. But I don't consider that it delayed things overall. I say that because, if Nationwide had referred the ground rent issue to the surveyor sooner, the surveyor would still have reached the same decision. The freeholder was not prepared to vary the lease, only to vary the landlord's covenant. So the first application was never likely to proceed, even if it had been referred to the surveyor sooner. And even if the freeholder's proposal had been acceptable, the costs were more than the additional rent Mr G said he had to pay as a result of the delay.

In all the circumstances, I consider the amount Nationwide has already paid of £750 was a fair way to settle this complaint – so it doesn't need to do anything else.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 12 May 2026.

Ken Rose
Ombudsman