

The complaint

Mr A and Miss M complain that Nationwide Building Society turned down their request for extra borrowing because of what they said were unfounded concerns about historical work done on the loft of their home. Mr A and Miss M got lending elsewhere, which cost more.

What happened

Mr A and Miss M have set out their arguments in detail, and I have considered those arguments, but as these issues have been the subject of considerable discussion before this case came to me, I do not need to set them out in full here. I think the position can be summed up as follows.

Mr A and Miss M knew they were coming to the end of their existing fixed interest rate deal on their mortgage with Nationwide. They wanted to borrow some extra money, renegotiating their existing mortgage. They hoped to secure a deal with a fixed interest rate of 3.84% with Nationwide. But they said Nationwide raised objections to some historical work which had been done to their attic before they purchased the property, and because of this, it unfairly declined them for this lending. They told us the best alternative they could secure elsewhere was lending at 4.18%. They have said this resulted in a loss of £3,944.10 over five years.

Mr A and Miss M also argued that if they had been armed with a higher valuation from Nationwide, they might have been able to argue up the valuation done by their new lender, enabling them to secure more advantageous terms. But they said they weren't shown the valuation Nationwide had done, as it was never signed off by Nationwide.

They wanted Nationwide to cover the £3,944.10 in financial loss they said it had caused, and pay £1,500 in compensation. And they said if Nationwide's actions also contributed to the down-valuation of their property, they wanted an additional £5,000 for the financial harm caused by their inability to obtain the full amount of additional borrowing they'd hoped to secure.

Nationwide didn't think it had done anything wrong. It said it had followed its established policy on loft conversions, and the concerns it had passed on to Mr A and Miss M had been raised by its valuer. It understood that they had previously obtained a mortgage with it on the same property, without any such concerns being raised, but Nationwide said its policy had changed, and it needed to apply this new policy to any request for additional borrowing.

Our investigator didn't think this complaint should be upheld. I won't set that reasoning out in full here, as I haven't adopted it.

Mr A and Miss M disagreed. They provided further argument for my consideration, and asked for their case to be referred to an ombudsman. I then considered this case, and I reached a provisional decision.

My provisional decision

I issued a provisional decision on this complaint and explained why I did propose to uphold it. This is what I said then:

I'd like to start by dealing with Mr A and Miss M's arguments about the valuation figure that Nationwide produced, but did not show to them. The new lender they chose has a set valuation appeals policy, which it publishes online on its broker website. That lender expressly states it will not consider valuations produced by other valuers, so any valuation produced by Nationwide could not have been used in the way Mr A and Miss M suggested.

Moving on to the question of why Mr A and Miss M's additional lending request was refused, and whether this was a fair and reasonable decision by Nationwide, I think it would be helpful to start by setting out Nationwide's existing policy on dealing with loft conversions. I think this applies whether the conversion is a full conversion, intended to turn the area into a habitable space, or the more modest amount of work that Mr A and Miss M say was done to their attic some time ago.

That policy is available to view online, and it says this:

The valuer might decline the property if they have concerns with the basement conversion, attic conversion or loft room.

To consider the property as suitable security, you need to provide one of the following:

- *An original Building Regulations completion certificate*
- *A Regularisation Certificate*
- *A Chartered Building Surveyor's report with specific comment on the structural integrity of the conversion. And means of escape and provision of adequate pre-warning (alarm) system. This report should include any required work which you'll need to carry out to improve the safety of the conversion along with an estimated cost.*
- *A declaration from the applicant accepting that, due to the Health and Safety and Fire Risk concerns, they'll not be using the attic space as a place to live. This is not appropriate if the non-compliant converted areas are essential to the accommodation. An example being the Kitchen or the only bedroom within a property.*

The first point to note here is that Nationwide's policy says it will ask for "*one of the following..*" but Mr A and Miss M were asked to provide documents to satisfy two of the above options – both a full Chartered Building Surveyor's report, and a declaration saying they wouldn't use this area as a place to live.

Nationwide has, at times in its correspondence with Mr A and Miss M, raised the possibility of structural changes having been made to the building when the attic conversion was done. Although Mr A and Miss M have questioned whether this is a reasonable assumption for Nationwide to make, I think that once Nationwide can see that changes have been made to the attic space, it could reasonably say that would raise questions over whether or not structural changes had been made. Because of that, I think it could be reasonable for Nationwide to say it wanted to be sure, before it made any extra lending, both that this property remained structurally sound, and also that Mr A

and Miss M wouldn't use the attic as part of their habitable accommodation (which they've always maintained they do not do).

I know Nationwide had previously offered lending on this property without raising any such concerns, but I don't think that means Nationwide was obliged to overlook concerns about structural integrity of this property which may have arisen after that initial lending.

We know Mr A and Miss M didn't want to commission a full surveyor's report which commented on the safety of the attic as living accommodation, because they've always said it isn't used as such. They questioned whether they should commission a report which sets out in detail the costs of bringing an area of their house up to a safe standard for habitation, if they don't actually want to live in it.

But I could see a proposal Mr A and Miss M had made directly to Nationwide at the start of December 2024, to commission a safety report on the structural condition of their loft and also to provide a commitment not to use this area as part of the habitable accommodation in the property. I wasn't clear about why that proposal wasn't acceptable to Nationwide.

So I asked Nationwide for some additional information about the valuation it secured, and to comment on this. It has shown our service the report it received, and I can see that the valuation appears to have been completed by an in-house valuer. This valuer did suggest that both *"options C and D above would apply here to progress this case"*. However, I think that the responses and the proposal Mr A and Miss M had made, highlighted the inherent contradiction in that position. And I cannot see Nationwide ever raised this with the valuer, or checked whether the proposal they had made could provide a way forward in this case. I note that this proposal was made before Mr A and Miss M decided to proceed with a remortgage elsewhere.

This decision is provisional, and I will consider further arguments here, but subject to that, I think it's likely that this proposal could have provided a way forward.

If this proposal had been accepted by Nationwide, then it's possible that the resulting safety report would have identified that the modifications made to the loft were not structurally sound, and Nationwide would then have refused further lending. However, I don't think it's most likely that longstanding historical modifications have left the property structurally compromised, as Mr A and Miss M have stressed there have been no such problems with the attic, and also that no other lender raised concerns about this area. So I think it's likely that this report would have found no structural problems. And I further think it is most likely that Nationwide, having been reassured that the area was safe and also that it was not going to be used as part of the habitable accommodation, would have felt able to offer the additional lending which Mr A and Miss M wanted.

So my provisional decision is that Nationwide didn't fairly and reasonably refuse the additional lending that Mr A and Miss M wanted, and because of that, it should cover the additional costs that Mr A and Miss M incurred, sourcing this lending elsewhere, less the cost of providing the report that Mr A and Miss M offered to Nationwide.

Mr A and Miss M have said that sourcing this lending elsewhere will cost them just under £4,000 more over the next five years. I will ask them to evidence this by providing the mortgage offer they secured, when they respond to my provisional decision, and I will share that evidence with Nationwide as part of my final decision.

I also note that in order to secure lending with Nationwide, Mr A and Miss M would have

needed to provide a Chartered Building Surveyor's report on the attic. Mr A and Miss M would have needed to pay for that, and therefore their losses should be reduced by this amount. They have shown us that they obtained a quotation for this work, and a report would have cost "*around £600 plus VAT*". I understand that at the time Mr A and Miss M were considering sourcing the more detailed report that Nationwide originally requested, but (again, subject to any additional evidence they wish to submit) I think it's reasonable to work on the basis of this figure.

So my provisional decision is that Nationwide should calculate the difference between the monthly cost of the lending Mr A and Miss M secured elsewhere for a five year fixed term, minus the cost of comparable lending which they could have secured with Nationwide, for those five years. It should reduce this sum by the cost of a Chartered Building Surveyor's report, and pay the resulting sum to Mr A and Miss M.

I understand this has been a stressful time for Mr A and Miss M. However, my provisional decision requires Nationwide to make a large upfront payment, to cover costs that Mr A and Miss M will not, in the main, need to meet for some years. I do think there is an advantage to having such a sum, and in the light of that, I will not also ask Nationwide to pay compensation in this case.

I invited the parties to make any final points, if they wanted, before issuing my final 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.

Mr A and Miss M replied to thank me for the provisional decision. They attached as requested a mortgage offer letter. That letter sets out that they were taking up a loan of £240,999 which was fixed at 4.18% until 31 March 2030. The mortgage term was 23 years, with an initial monthly payment of £1,356.47. I will ensure that Nationwide receives this letter, with full details of the offer.

Mr A and Miss M said their original lending request to Nationwide was based on a higher borrowing amount, and over a longer mortgage term, but they had been able to borrow less than they planned from the alternative lender. They said their understanding was now that any payment would be based on a like-for-like comparison, so this would work out at rather less than they had initially suggested. Mr A and Miss M said it would result in a payment of around £2,000, and wanted me to confirm that. I can confirm the basis of the calculation, which is, as Mr A and Miss M said, like for like. But I don't think it's appropriate for me to provide a figure here, as I don't have the comparable mortgage illustration from Nationwide on file, so I will leave Nationwide to confirm the amount.

Mr A and Miss M said they were pleased to have had their complaint upheld, but wanted me to reconsider a small compensation award for the distress and inconvenience caused. They said securing a last-minute remortgage elsewhere was very stressful, as was trying to deal with Nationwide's concerns. They didn't think the payment of a lump sum in respect of their losses had also fairly reflected the significant anxiety, emotional strain and disruption they said this caused to their daily lives. So they asked me to make a separate award for distress and inconvenience.

I appreciate that this has been an unpleasant, stressful, and no doubt deeply frustrating experience for Mr A and Miss M, and I took that into account in reaching my provisional decision. But I also explained there that I do think there is an advantage to receiving a large upfront payment, to cover costs that Mr A and Miss M will not, in the main, need to meet for

some years. So I don't agree that a fair and reasonable resolution in this case requires a payment of compensation in addition to that. I still think my proposed award does provide a fair and reasonable outcome in this case.

Mr A and Miss M also said they would like clarification on one point. They wanted to know how any future application for lending with Nationwide would be treated, and specifically, whether Nationwide would accept a basic safety report for the loft, together with a declaration that it will not be used as a habitable space. They asked me to reassure them on whether that would satisfy its policy (assuming the policy remains unchanged at that time). Mr A and Miss M said they just wanted to fully understand what would be considered acceptable for any future application, so they could avoid a similar situation in future.

I'm sorry that I cannot help Mr A and Miss M with this. Whilst I do think it's most likely that Nationwide made an error here, it has not, despite a number of requests on this specific point, provided any clear, unequivocal response on whether their suggested resolution, as set out above, would have been acceptable to the building society. My decision sets out that it appears the proposal Mr A and Miss M made was not properly considered at the time. Unfortunately, I'm not able to see that it has been properly considered since.

In these circumstances, I am able to reach conclusions on what I think is most likely to have happened in this case, if the proposal had been properly considered by Nationwide. But I am not able to bind Nationwide's future decision-making on this issue. I'm sorry that I'm not able to provide the clarity that Mr A and Miss M would like.

I'd now like to deal briefly with the contact Nationwide has made with our service since my provisional decision was issued.

Nationwide contacted our service the day before the deadline set out in that provisional decision, saying it could not respond by the deadline and asking for more time to respond. Unusually, Nationwide offered no time by which it felt it would be able to respond.

The request for more time was granted, and the deadline extended. Nationwide then wrote the day after this revised deadline had expired, asking again for more time. Another short extension was agreed, but I explained then that this would need to be a firm deadline, and that I would complete a final decision after this, whether Nationwide had provided a substantive response or not.

Nationwide wrote again after this, and phoned our service, to ask again for more time. It also suggested at one point that it may not have seen evidence of the proposal Mr A and Miss M had made. I have responded to Nationwide's approaches, explaining that the substantive issues in this case had been raised with the building society in queries sent before the provisional decision was compiled, and the evidence in question had been sent to us by both parties. Taking into account that, and the extensions of time already granted to respond to the provisional decision itself, I did not think it would be fair and reasonable to delay a final decision any further.

Nationwide then indicated it thought it would be likely to accept the provisional decision, however, no substantive or firm response has been received. As the revised deadline has now passed, and considering the interests of both sides, I do still think it is both fair and reasonable to decide this case now.

For the reasons set out above, I haven't changed my mind. So I'll now make the decision I originally proposed.

My final decision

My final decision is Nationwide Building Society must pay Mr A and Miss M, as a lump sum, the additional costs of the mortgage lending they secured elsewhere for the five year fixed interest term of that lending, over and above the costs of comparable lending with Nationwide Building Society, minus the costs of providing the surveyor's report which would have been required to secure that lending with Nationwide Building Society.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A and Miss M to accept or reject my decision before 19 January 2026.

Esther Absalom-Gough
Ombudsman