

## The complaint

Miss R complains that Nationwide Building Society registered a default incorrectly on her credit file, which delayed her mortgage application and resulted in her incurring significant costs.

## What happened

Following a legal dispute, a Tomlin Order was issued in August 2023 setting out agreed terms, which included Miss R selling her inherited property and paying the joint owner their share from the proceeds. Alternatively, if Miss R was able to obtain the funds to buy out the joint owner, she could retain ownership of the property.

In May 2024, Miss R received a Notice of Court Hearing set to take place on 10 July 2024, for which she was the defendant of claims that she'd breached the Tomlin Order by frustrating the sale of the property.

As the property hadn't sold at the price she'd marketed it for, she asked her mortgage adviser for a mortgage in principle in June 2024, with the intention of buying out the joint owner. The mortgage adviser informed her they'd been unable to obtain her a mortgage in principle as no lenders were coming up when completing a credit search. On review of her credit file, the mortgage adviser noted Miss R's loan with Nationwide had defaulted within the last six months, which they said was likely to be the reason no lenders were available to her.

Nationwide agreed it made an error when setting up a repayment plan for Miss R and said the default should've been registered in April 2023, rather than 2024. It amended Miss R's credit file, after which she was able to obtain a mortgage in principle, and offered her £200 compensation as an apology. However, as this happened after the court hearing, Miss R said Nationwide should reimburse the significant costs she incurred. She believes she wouldn't have incurred them had the error not occurred, or if Nationwide rectified the issue sooner.

Our Investigator reviewed matters and was satisfied Nationwide had done enough to put things right for Miss R. They didn't think they could reasonably conclude Nationwide's error was the sole cause of the costs Miss R incurred, or that the court case wouldn't have gone ahead had she been able to obtain a mortgage in principle sooner.

Miss R didn't agree. In summary, she said Nationwide asked her to send it a copy of her credit file when they didn't need it, which delayed the resolution and her ability to obtain a mortgage in principle before the court hearing. She said getting a mortgage in principle before the court hearing would've prevented it from going ahead, as the claim made against her would no longer hold if she was conducting a buyout and she didn't think the other party would've wanted to incur costs unnecessarily.

As no agreement has been reached, the matter has been passed to me to decide.

## **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.

In considering what is fair and reasonable, I've taken into account the relevant industry rules and guidance, and what would be considered as good industry practice.

I think it's important to firstly explain I've read and taken into account all of the information provided by both parties, in reaching my decision. I say this as I'm aware I've summarised Miss R's complaint in considerably less detail than she has, and in my own words. If I've not reflected something that's been said it's not because I didn't see it, it's because I didn't deem it relevant to the crux of the complaint. This isn't intended as a discourtesy to either party, but merely to reflect my informal role in deciding what a reasonable outcome is. Where evidence has been incomplete or contradictory, I've reached my view on the balance of probabilities – what I think is most likely to have happened given the available evidence and wider circumstances.

In this case, it's not disputed that an error occurred when setting up a repayment plan for Miss R, or that Nationwide is responsible for that error. Nationwide has accepted the default was recorded incorrectly and has since amended the default date to April 2023. So, I don't need to decide that aspect – I just need to consider whether Nationwide's offer to put things right is fair.

Miss R believes she incurred significant costs as a direct result of Nationwide's error. She says had the error not occurred, she would've obtained a mortgage in principle before the court hearing date, which would've prevented it from going ahead. She says this is because the claim being made related to her frustrating the sale of the property, which would no longer be relevant if she could show she intended to buy out the joint owner. And as she was unable to obtain a mortgage in principle in time, she became liable for her own, and a significant portion of the claimant's court costs. Additionally, she says she incurred other costs, including rent and storage, as well as losing out on income. What I therefore need to consider here is whether Nationwide's error directly led to Miss R incurring costs she wouldn't have had it not occurred.

Miss R has shown she was unable to obtain a mortgage in principle when the default was dated April 2024 on her credit file. And once Nationwide amended the year to 2023, a mortgage in principle was promptly agreed. So, I can understand why she feels strongly that the default being dated incorrectly was the sole cause of her being unable to obtain a mortgage in principle in June 2024. I also don't doubt a more recent default being reported would've made it more difficult to obtain a mortgage at that time. However, multiple considerations are made by lenders following an application for borrowing at any given time. So, for me to conclude Nationwide are solely responsible for Miss R being unable to obtain a mortgage in principle on the day she first applied, I would need to see some conclusive evidence that the lenders on the broker's panel wouldn't lend to Miss R at that time due to that specific default on her credit file.

Nationwide said it would consider such evidence if provided, which I think is reasonable. Miss R has provided an email from her mortgage adviser which suggests the default being within the last six months as being the likely cause. But I haven't seen anything from the panel of lenders, such as lending criteria or confirmation that the default within the last six months was the sole reason they wouldn't lend to Miss R. Neither have I seen anything from the lender that did later approve Miss R's application, that says it would've done so in June 2024 had the default been dated correctly at this time. So, I don't consider there to be

sufficient evidence to conclude Nationwide were solely responsible for Miss R being unable to obtain a mortgage in principle when she first requested one.

While I recognise Miss R had a lot going on, I also think it's fair to say she could've done more to prevent delays to the issue being resolved before the court hearing. Firstly, the Tomlin Order was issued in August 2023, and she received the Notice of Court Hearing in May 2024. She then applied for mortgage in principle nearly four weeks later. She was made reasonably aware the reason a mortgage in principle couldn't be obtained would've been due to something on her credit file, which she didn't obtain until three weeks later, on the same day as the court hearing. She did contact Nationwide the week before, but this was also two weeks after being made aware of the issue, and only eight days prior to the court date.

I understand Miss R feels Nationwide could've done more to resolve the matter on that day, and had it done so the default would've been removed sooner. However, even if it had requested the amendment that same day, there's no guarantee this would've reflected on Miss R's credit file before the court date, given this was only eight days later and credit file amendments can generally take anything up to two months.

Regardless of the above, I've considered what the impact to Miss R would've been if I was to find that the incorrect default date was the sole cause of Miss R being unable to obtain a mortgage in principle in June 2024. Or that Nationwide could've reasonably amended it in time for her to obtain one before the court hearing. In this scenario, for me to say Nationwide should pay Miss R's court costs, I would need to be satisfied they wouldn't have been incurred.

A mortgage in principle doesn't guarantee a mortgage will be approved and a formal offer is dependent on a full assessment of an applicant's financial information. So, obtaining a mortgage in principle wouldn't have guaranteed Miss R would've been able to buyout the joint owner in any case. Miss R says she doesn't think the claimant would've wanted to go ahead with the hearing, but I haven't seen anything from the claimant or their legal representatives that confirms they would've withdrawn the claim in these circumstances. It's ultimately for a court to decide whether to stay legal proceedings. And I haven't seen anything from the court that confirms Miss R obtaining a mortgage in principle would've resulted in the court case being stayed - so there isn't sufficient evidence that court costs wouldn't have been incurred in any event.

Overall, I'm satisfied an error occurred and Miss R was caused distress and inconvenience during a time where she was trying to obtain a mortgage in principle, at an already stressful time for her. However, I'm also satisfied Nationwide corrected the error within a reasonable timeframe after Miss R notified it of the issue, so I think £200 fairly reflects the level of impact caused – and is in line with our award ranges for situations such as this.

As I haven't seen enough evidence to reasonably conclude that Miss R wouldn't have incurred the costs she's claimed were a direct result of the error, I won't be directing Nationwide to reimburse these. I know this will come as a disappointment to Miss R, but I won't be asking Nationwide to do anything further.

### **My final decision**

Nationwide Building Society has already made an offer to pay £200 compensation to settle the complaint and for the reasons I've explained, I think this offer is fair in all the circumstances.

So my decision is that Nationwide Building Society should pay Miss R £200, if it hasn't done so already.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss R to accept or reject my decision before 13 February 2026.

Nicola Bastin  
**Ombudsman**