

complaint

Mr S and Miss A are unhappy with what happened when they applied for a mortgage with National Westminster Bank Plc. They say the mortgage adviser shouldn't have submitted the application as it was clear it wouldn't be accepted, and that the valuation fee they paid took too long to be refunded.

background

On 8 August 2018 Mr S and Miss A applied for a mortgage with NatWest. They were asked for copies of Miss A's bank statements and these were submitted on 9 August 2018.

The application was declined on 10 August 2018 as the underwriter was unhappy with some things he saw on Miss A's bank statements, such as the use of payday loans, payments to gambling websites and the use of the overdraft.

Mr S and Miss A complained saying the mortgage adviser should have known the application had no chance of succeeding due to the payday loan, but that the adviser "*insisted and browbeat us to let her appeal to the mortgage department*". They also complained that the valuation fee was taken and then took four working days to be refunded.

Our adjudicator didn't uphold the complaint, he was satisfied NatWest hadn't done anything wrong. Mr S and Miss A didn't agree and so the matter's been passed to me to decide.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. Mr S and Miss A have set out their account of events in considerable detail. I trust they won't take it as a discourtesy that I've condensed their complaint in the way that I have. Ours is an informal dispute resolution service, and I've concentrated on what I consider to be the crux of the complaint.

Although I've read and considered the whole file I'll keep my comments to what I think is relevant. If I don't comment on any specific point it's not because I've not considered it but because I don't think I need to comment on it in order to reach the right outcome.

Having looked at everything, and kept in mind the regulatory requirements and normal industry practice, I'm not persuaded (as I must be if I'm to uphold this complaint) that the mortgage adviser was wrong to submit the application to the underwriting team for them to look at. The adviser is simply that, an adviser. It's not her role to underwrite the application as otherwise there'd be no need for a separate underwriting team.

Mr S and Miss A said there was one payday loan and one gambling transaction. But the underwriter noted Miss A's bank statements instead showed a use of payday loans over a number of months, and multiple payments to a gambling website. Whilst Miss A provided an explanation for both of those – saying the gambling transactions were for her brother and the payday loans were for her mother – the underwriter remained concerned. He said the conduct of the bank account – including the fact Miss A went very close to her overdraft limit every month – suggested ongoing affordability was a concern even before adding a mortgage payment each month. That's not an assessment I would expect a mortgage adviser to undertake as that's the role of the underwriter.

Mr S and Miss A have said *“It would appear that the mortgage adviser was to [sic] keen to get a sale at whatever cost”*. But there would be no benefit to the mortgage adviser for putting forward an application that was certain to fail, as that just takes up everyone’s time with no benefit to anyone. It seems more likely that the mortgage adviser’s submission to the underwriter came from a good place; an attempt from her to help Mr S and Miss A get the mortgage they wanted, rather than any attempt to mislead. That’s supported by Mr S and Miss A’s statement that the mortgage adviser – upon telling them NatWest had declined the application – suggested they try an independent mortgage broker. The mortgage adviser wouldn’t gain anything from that, so it seems she was simply trying to help them.

In any event, the underwriter has confirmed the application wasn’t guaranteed to fail. He said the explanation provided by the mortgage adviser may have helped the situation. But having looked at the underwriting notes I can see there were sufficient concerns that meant the underwriter wasn’t able to agree to the application.

It’s normal industry practice for the valuation fee to be taken when an application is submitted and that’s what happened here. When the application was declined NatWest started the process of refunding the fee and it was back in Mr S’ bank account in four working days; so within NatWest’s service standard of five working days. Mr S and Miss A have said it should have been back with them immediately but that’s not how it works. Refunds have to be generated through a specific department and, as NatWest have a great many customers and payment requests to process, that takes a few days to arrange.

my final decision

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

Under the rules of the Financial Ombudsman Service, I’m required to ask Mr S and Miss A to accept or reject my decision before 18 October 2019.

Julia Chapman
ombudsman