

## **complaint**

Mr K1 and Miss K complain that Shawbrook Bank Limited withdrew a mortgage offer it had previously issued.

## **background**

Miss K submitted a mortgage application with another person who I'll call Mr K2. Shawbrook considered the application and carried out a credit reference check. It found a CIFAS entry against Mr K2. Mr K2 withdrew from the application and was replaced by Mr K1. Shawbrook issued a mortgage offer.

Mr K1 was also involved in a series of other applications to Shawbrook, both in his own name and as guarantor for two different companies he's a director of. Shawbrook issued offers on some of these other mortgages as well.

The final application was submitted in early April 2016, in the name of one of Mr K1's companies. Shawbrook carried out a further credit reference check on Mr K1. It found a CIFAS entry recorded against an individual associated with Mr K1 at a property he owned.

Taking into account that second CIFAS entry and existing concerns it had about what the various credit record searches showed, Shawbrook decided it was no longer willing to lend. It therefore withdrew the offer it had issued to Mr K1 and Miss K. It did the same with the other applications Mr K1 was associated with.

Mr K1 and Miss K complained. Mr K1 said that across the various applications he and his companies had incurred almost £14,000 of fees, charges and legal costs. He didn't think Shawbrook had acted fairly in withdrawing the mortgage offers, and that it should reimburse the costs he and Miss K had been put to.

## **my findings**

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Shawbrook issued a mortgage offer to Mr K1 and Miss K. The key question for me in this case is whether it acted fairly in withdrawing it.

The mortgage terms and conditions do allow Shawbrook to withdraw a mortgage offer. The relevant clause says:

*"The Lender reserves the right to withdraw the offer ... in the event that ... any other matter comes to the Lender's attention which is inconsistent with the basis on which a mortgage offer is made"*

Shawbrook's decision to withdraw was as a result of information it found when assessing a separate application on which Mr K1 was a guarantor; the borrower was one of his companies.

When it found the first CIFAS entry, Shawbrook says it considered whether or not to go ahead and decided to "proceed with caution". It issued the mortgage offer.

Once the second CIFAS entry came to light, it decided it was no longer prepared to go ahead, because this – combined with worries it had about usage of the various properties Mr K1 was associated with – meant it now thought the mortgage lending was too high risk.

This is a new matter that came to its attention, and the revised assessment of risk made it inconsistent with the basis on which the offer was made. So the mortgage terms entitled Shawbrook to withdraw the offer. But was doing so was fair and reasonable in all the circumstances?

I think it was. Shawbrook had legitimate concerns about what it had found. It acted on those concerns very soon after the final piece of information came to light – and withdrew the offer only two days after it was issued.

Although in Mr K1 and Miss K's personal names, rather than through a company, this was a commercial proposition for rental property. I accept that Mr K1 and Miss K incurred costs in the expectation that they'd get a mortgage at the end. But they knew that whether or not the mortgage came about was subject to Shawbrook's assessment, and agreed to go ahead on that basis. As Shawbrook considered their application fairly, I don't think it would be fair to require it to reimburse their costs – especially as the offer was withdrawn so soon after it was issued.

#### **my final decision**

For the reasons I've given, my final decision is that I don't uphold this complaint. Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K1 and Miss K to accept or reject my decision before 24 August 2017.

Simon Pugh  
**ombudsman**