

complaint

Mr K complains that Shawbrook Bank Limited withdrew a mortgage offer it had made to him.

background

Mr K applied for a mortgage with Shawbrook on buy to let property. Shawbrook considered his application and made an offer on 11 March 2016. But it then withdrew the offer on 8 April.

Mr K complained. Shawbrook said it had withdrawn the offer because it had found a CIFAS entry associated with Mr K's credit record. Mr K applied to CIFAS which told him that there was no CIFAS entry recorded against his name. Mr K brought his complaint to the Financial Ombudsman Service.

Shawbrook explained that Mr K had made a number of mortgage applications besides this one. The others were jointly with another individual, or through companies of which Mr K was a director and on behalf of which he would be guaranteeing the mortgages. It said it found the CIFAS entry in the course of carrying out credit checks for an application by one of the companies. It was that, together with other concerns it had, that led it to withdraw all the mortgage offers and applications Mr K was associated with.

Mr K complained. He said that he hadn't been treated fairly and the applications and offers shouldn't have been withdrawn. He said that across all the mortgage applications he'd lost about £14,000 in fees, charges and legal costs – which he wanted Shawbrook to reimburse. Our investigator thought Shawbrook had acted fairly, and so Mr K asked for an ombudsman to make a decision on his case.

my findings

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

This mortgage was the first of the ones Mr K was associated with to be considered by Shawbrook, and was the first offer to be issued.

The mortgage terms and conditions 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 relied on this clause when withdrawing the offer because of a CIFAS entry it found when assessing an application from one of Mr K's companies. That entry wasn't in Mr K's name directly – which was why CIFAS couldn't tell him anything about it – but the name of a person and address associated with Mr K's credit record. Shawbrook already had worries about the mortgage applications for other reasons, and this CIFAS entry, combined with its other concerns, led it to decide that it no longer wanted to go ahead.

I think that Shawbrook was entitled under the terms and conditions to do that. This was a matter that came to its attention which changed its view of how risky the mortgage application was.

I also think that Shawbrook didn't act unfairly in withdrawing the offer. It did so within two days of discovering the CIFAS entry – so acted quickly. Mr K was applying for a commercial mortgage for rental property – not a residential mortgage for his home. This was essentially a business proposition he was putting to Shawbrook. He knew that there would be fees to pay associated with the applications and Shawbrook explained that the offer could be withdrawn in certain circumstances. I don't think Shawbrook acted unfairly, and so I don't think it fair to require it to reimburse Mr K's costs.

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 K to accept or reject my decision before 24 August 2017.

Simon Pugh
ombudsman