

complaint

Miss H complains that National Westminster Bank Plc caused her a financial loss as it did not tell her she was not eligible for a mortgage on her property.

background

Miss H owned 30% of a shared ownership property. She wanted to purchase the full share and was told that this would be based on a valuation by the scheme of £190,000 in October 2013. She applied for a mortgage with NatWest and it arranged its own valuation in December 2013 which confirmed the property valuation of £190,000. In January 2014 it told her that it could not lend on her shared ownership property, even where she was purchasing the remaining share. It accepted that it should have told this at the start as it had known the nature of her application from a fact find. It refunded all her costs and paid her compensation of £184 making a total payment of £500. Miss H did not accept this as the shared ownership scheme told her that it had to update the valuation and that this was now £200,000. Miss H applied for a mortgage with another lender and paid for her share based on the higher amount.

The adjudicator recommended that the complaint be upheld in part and Miss H paid a further £250 for inconvenience. She said that Miss H had to make arrangements to borrow more money to buy the share. But the adjudicator said that there was insufficient evidence to say that the value of the property had increased between the valuation carried out for NatWest and that for the new lender. She said that it was possible that the two lenders' valuations may still have been different if they had both been carried out in late 2013.

Miss H did not agree and said, in summary, that the shared ownership scheme had two valuations from the same surveyor separated by three months. She said that had NatWest acted more quickly she could have obtained a mortgage for a lower amount.

my findings

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint.

I note the points that Miss H makes except that, as I understand it, because she already owned 30% of the property she effectively had to pay 70% of the increase in value required by the shared ownership scheme. I can see, as she says, that she applied for borrowing over a longer period with the other lender but that, at least initially, this was at a lower interest rate than NatWest had available and with lower monthly repayments.

The valuation of property is not an exact science. Here the difference between the valuations is just over 5% and would generally be considered to be within a margin of error. I also need to take into account that the higher value came effectively on behalf of the seller although Miss H had limited options to dispute this. The surveyor appointed by NatWest considered that the value had not changed by December 2013 although the next month the seller's surveyor had increased his opinion of the value by £10,000.

But, even if I were to accept that the value of the property had increased, I am afraid that this would not mean that I consider NatWest would be liable to compensate Miss H for this. NatWest had not got as far as making a lending decision and there is no guarantee that it would have offered her a loan, even if had been prepared to lend on a shared ownership scheme. In effect Miss H has lost the opportunity to have her loan considered.

I know Miss H will be disappointed when I say, as a result, that I do not consider that NatWest can be held responsible for any assessed difference in the valuation. Clearly it provided poor service and I consider this would be fairly reflected in a further payment of compensation of £250 to Miss H.

my final decision

In light of the above my decision is that I uphold this complaint in part and I order National Westminster Bank Plc to pay Miss H a further £250 in compensation.

Michael Crewe
ombudsman