

## **The complaint**

Mr W complains about delays when he re-mortgaged his holiday let property with Melton Mowbray Building Society. Mr W asks for compensation for additional interest costs while his mortgage was on his previous lender's standard variable rate (SVR) and for his time and stress.

## **What happened**

Mr W's broker contacted Melton Mowbray in July 2022. The broker submitted a mortgage application with the required documents on 9 August 2022. Melton Mowbray issued a mortgage offer on 11 October 2022. The mortgage completed in mid-December 2022.

Melton Mowbray said it made errors which meant it took 58 days to approve the application instead of the 30 days it expects to take. It said delays after the mortgage offer was issued were caused partly by the Melton Mowbray and partly by Mr W's solicitor. Melton Mowbray offered compensation for Mr W being on his lenders SVR for a month and £100 for his upset. Mr W says this isn't enough. He says Melton Mowbray was responsible for delays with completion.

I sent a provisional decision explaining why I didn't intend to uphold the complaint. In summary, I said the conditions set out in the mortgage offer weren't satisfied until mid-December 2022 and this was the main reason the mortgage didn't complete until then.

Mr W didn't agree. He said Melton Mowbray admitted to being partly responsible for delays with completion and the compensation offered was only for delays prior to the mortgage offer being issued. Mr W said there wouldn't have been delays if Melton Mowbray had responded promptly to queries about the conditions, which he also considers to be unreasonable.

## **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.

Mr W's mortgage product expired on 31 August 2022. After this, he was on his lender's SVR. Mr W says Melton Mowbray caused delays with his application being submitted. He said the broker was waiting to hear from Melton Mowbray about a release of equity. In my provisional decision, I said if Mr W has evidence to support this, he should provide it to us. Mr W didn't provide this evidence.

Melton Mowbray says it received a mortgage application with the required supporting documents on 9 August 2022. This is when it started to review the application. It says prior to this it chased the broker for documents and provided records to support this. Melton Mowbray says it would expect to issue an offer within 30 days of the application and documents being submitted. Melton Mowbray accepts it caused delays when assessing the application, which took 58 days.

There was a change of underwriter at Melton Mowbray. The new underwriter asked for

further documents and information at the end of September 2022. Mr W was understandably frustrated that Melton Mowbray asked for further documents and information some weeks after the application was submitted. And he considers some of these requests were unreasonable. Melton Mowbray says it wasn't responsible for all delays with the application. For instance, the valuation visit had to be arranged with Mr W and Mr W appealed the valuation (which was lower than he'd expected). But Melton Mowbray did accept it caused delays and offered compensation for the additional time it took to approve the application.

Melton Mowbray offered compensation to Mr W for his additional interest costs for October 2022. As the additional time taken as compared to Melton Mowbray's usual timescales to approve an application was just under one month, I think this is fair.

Mr W says Melton Mowbray caused further delays with completion. He says it didn't receive emails from his solicitors due to an IT problem. Mr W provided an email dated 13 December 2022 to support this. Melton Mowbray said in the email it had problems with a spam filter on its completions inbox (the address the solicitors used) which meant it received emails sporadically and often much later than they were sent. It said other email addresses weren't affected and provided an address for the solicitors to send the COT.

I can appreciate this was frustrating. But I don't think Melton Mowbray was solely or mainly responsible for the delays with completion.

After a mortgage offer is issued, the solicitors carry out checks and issue a certificate of title (COT) to enable the mortgage to complete. The mortgage offer is subject to conditions being met, including in this case specific solicitor conditions set out in the mortgage offer. Melton Mowbray says the back and forth with the solicitor was due to them failing adequately to satisfy conditions in accordance with the Building Society Association (BSA) mortgage instructions/handbook.

Melton Mowbray says conditions relating to confirmation that any relevant approvals for building work and the letting of the property were in place (or suitable indemnity insurance if not) weren't satisfied in accordance with the BSA handbook until mid-December 2022.

Mr W says these conditions were unreasonable. He says no approvals were needed to use the property as a holiday let or for the building work. He said he only took out the indemnity policy to avoid further delays when Melton Mowbray didn't agree to accept other evidence (such as evidence he paid business rates). Mr W says he hasn't been compensated for the time he spent trying to contact Melton Mowbray during this time.

I'm not persuaded to change my findings on this issue. The mortgage offer says the solicitor is to confirm all *relevant* local authority approvals were obtained for the extension and all *required* statutory or local authority consents are in place. There's no suggestion the solicitor had to provide evidence of approvals or consents that were not relevant or not required. If the solicitor was unable to provide the confirmation, suitable indemnity insurance could be put in place.

The mortgage offer included a solicitor condition that about £46,000 of the mortgage loan would be used to repay part of Mr W's residential mortgage. The solicitor said they couldn't do this as the funds would be used for work on the security property. Melton Mowbray responded saying this had been agreed at application stage and changing this could require affordability to be re-assessed. It asked the solicitor to confirm they would satisfy the condition.

Mr W provided evidence that the solicitor sent an email dated 8 December 2022, confirming they would put a suitable indemnity policy in place (instead of confirming the relevant

approvals and consents were in place) and that Mr W had instructed them that he would repay a portion of his residential mortgage following completion. The solicitor asked if they could now provide the COT.

It seems the solicitor's email dated 8 December 2022 was one of the emails that Melton Mowbray didn't receive. Mr W forwarded the solicitor's email to Melton Mowbray on 12 December 2022. However, it didn't note receipt of the content until 17 December 2022.

While this could have caused a delay (of about six working days), I don't think this changes the outcome here substantively.

The solicitors confirmed the solicitor conditions in the mortgage offer on 8 December 2022. This was more than eight weeks after the mortgage offer was issued. I don't think it's fair to say that Melton Mowbray is responsible for this delay. I appreciate there could have been times when it could have responded more quickly to the solicitors. But I think the conditions were clear: there was no need for the solicitors to wait for an explanation from Melton Mowbray as to what was required. I also appreciate that Mr W considers the conditions to be unreasonable. But I don't think it's fair to require Melton Mowbray to pay compensation for any delays caused by Mr W or his solicitors asking if they had to comply with the conditions or whether other evidence might suffice, or for any inconvenience making these enquiries caused Mr W.

I also need to consider the time taken for the mortgage to complete after the solicitors sent the email confirming the conditions would be satisfied. Melton Mowbray told the solicitors it requires five full working days notice for release of funds. This doesn't include the date it receives the COT and notice doesn't start until all conditions have been satisfied.

Melton Mowbray was prepared to release funds on 19 December 2022, provided it received the COT by 3pm. The solicitors didn't send confirmation the solicitor conditions would be satisfied until 8 December 2022 – seven working days before this. They then needed to send a correctly completed COT. If the problem with Melton Mowbray receiving and noting the content of the 8 December 2022 email delayed completion at all, this can't have been for more than one or two days.

Melton Mowbray accepts it had technical issues which impacted its service. But, having read Mr W's responses to my provisional decision and re-considered the evidence, I think the main cause of the delay with completion was the mortgage conditions not being satisfied and I don't think Melton Mowbray was responsible for this.

Melton Mowbray offered compensation for one months' additional interest costs (£510) and £100 for the inconvenience and upset for the delays it did cause. I think this is fair and reasonable in the circumstances. I don't think it's fair and reasonable to require Melton Mowbray to pay further compensation.

### **My final decision**

My decision is that Melton Mowbray Building Society should pay £610 to Mr W as it offered to do. It can deduct any amounts already paid.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 3 April 2024.

Ruth Stevenson  
**Ombudsman**