

The complaint

Mr and Mrs T have complained that Nationwide Building Society declined their application for a Later Life Mortgage (LLM). They have also complained about delay by Nationwide in submitting the application, and about how long Nationwide took to deal with the complaint.

What happened

I will summarise the complaint in less detail than it's been presented. There are several reasons for this. First of all, the history of the matter is set out in detail in correspondence, so there is no need for me to repeat the details here. I will instead concentrate on giving the reasons for my decision. In addition, our decisions are published, so it's important I don't include any information that might lead to Mr and Mrs T being identified. So for these reasons, I will keep my summary of what happened quite brief.

On 22 July 2022 Mr and Mrs T bought their property. On 4 August 2022 Mr and Mrs T spoke with a mortgage adviser (MA) about applying for an LLM. They wanted to borrow £50,000. On 19 August 2022 Mr and Mrs T proceeded with the application.

However, after a surveyor carried out a valuation on the property, Nationwide wasn't able to go ahead with the application. That was because Mr and Mrs T's property abutted a large school, which the surveyor thought would affect future sale and marketability of the property. Mr and Mrs T complained, saying this was a "*feeble excuse*". Nationwide didn't uphold the complaint and so the complaint was brought to our service.

An investigator looked at what had happened. He was satisfied that Nationwide had been entitled to decline the application. The investigator explained that, although the MA would have been aware of lending criteria in relation to customer eligibility and affordability, surveying criteria is different and would not be something a MA would be an expert on; it would be the surveyor who would have expertise in that area.

The investigator also didn't think that there had been any undue delay. He noted Mr T (who has dealt with the complaint throughout) said that the mortgage application was started on 4 August 2022 but the MA hadn't submitted it until 19 August 2022. However, the investigator noted that Mr and Mrs T had told the MA that they wanted to look at other financing options before proceeding. It wasn't until 19 August 2022 that Mr and Mrs T were ready to go ahead with their application for the LLM. From there it was four weeks until the application was declined. The investigator was satisfied this was a reasonable timescale.

Mr T asked for the complaint to be re-opened. He reiterated that the MA should have known that the location of the property would make it unsuitable for a LLM. Mr T said that if he and Mrs T had been told that at the start, they could have arranged a new mortgage with another lender more quickly, before interest rates went up.

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.

Nationwide is entitled to set its own lending criteria. Decisions that Nationwide makes in respect of what those criteria are, its attitude to risk involved in this particular lending assessment, and whether it should lend and if so, on what terms are clearly discretionary matters for Nationwide's own commercial judgement that I would not interfere with. Nationwide declined the application because of the proximity of the property to a school, which the surveyor advised would impact on future marketability or saleability of the property. I'm satisfied it was reasonable for Nationwide to rely on the expert opinion of a professional surveyor about this matter.

I can appreciate that Mr and Mrs T are upset that the MA didn't advise them that this might be an issue during their discussions about the mortgage. However, the MA would not be expected to know all the criteria the surveyor would be taking into consideration when carrying out a mortgage valuation, as those are outside his area of expertise.

In the circumstances, I'm satisfied that Nationwide's decision to decline the application was reasonable in all the circumstances. The decision was reached after Nationwide gave fair consideration to the application, but ultimately as it did not meet lending criteria, Nationwide was entitled to decline to lend.

I'm also not persuaded there was undue delay by Nationwide in considering the application. Although the mortgage was discussed in early August 2022, I'm satisfied that Mr and Mrs T didn't make the decision to go ahead until 19 August 2022, a Friday. Further queries were raised about the property the following Tuesday, 23 August 2022 (because Mr and Mrs T hadn't owned it for more than six months, so Nationwide needed to ensure it wasn't a 'back-to-back' transaction). The query was answered by Mr T on 24 August 2022 and relayed to the underwriters the same day. It was confirmed on 26 August 2022 that the questions had been answered. The following Monday was a Bank Holiday.

The mortgage valuation was carried out on 7 September 2022, and on 8 September 2022 Nationwide asked the surveyor to comment on the impact of the school. This was received on 12 September 2022 and the application was declined on 15 September 2022. As the surveyor was employed by an external firm, Nationwide would have no control over their timescale for inspecting properties. I'm satisfied that all internal queries on the mortgage application were dealt with quickly.

Taking into account the above timeline, I'm not persuaded there was any undue delay by Nationwide in progressing the application.

I've noted Mr T's dissatisfaction with Nationwide's handling of his complaint. However, complaint-handling isn't a regulated activity, nor is it ancillary to a regulated activity. As such, a complaint about the way Nationwide dealt with Mr T's complaint isn't something I have any legal power to consider, as it doesn't fall within the scope of our rules.

I can understand how disappointing it was for Mr and Mrs T that Nationwide wasn't able to offer them a LLM. However, I'm unable to find that Nationwide has made an error or that it treated Mr and Mrs T unfairly. I'm glad they have now been able to arrange a mortgage with another lender. Different lenders have different criteria, but that doesn't mean Nationwide has done anything wrong here.

My final decision

My final decision is that I don't uphold this complaint.

This final decision concludes the Financial Ombudsman Service's review of this complaint. This means that we are unable to consider the complaint any further, nor enter into any correspondence about the merits of it.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs T and Mr T to accept or reject my decision before 3 October 2023.

Jan O'Leary
Ombudsman