

## **The complaint**

Mr C complains about what happened when he asked Nationwide Building Society to remortgage the property he owns jointly with his spouse. He said Nationwide delayed his application, then rejected it. He said he would have to pay a higher interest rate now.

## **What happened**

Mr C said that after he applied to Nationwide to remortgage, he received an email which said he could fill out any forms online, and upload documents. He used this portal to supply the requested documents to Nationwide. But he said Nationwide was now saying it had closed his application down, because he'd failed to supply requested documents. Nationwide had told him that this portal was only for sending documents to its legal firm, and Mr C hadn't replied to Nationwide's own request for documents.

Mr C said he'd called Nationwide, and it accepted it had received documents he'd uploaded to the portal. And he'd been given conflicting information as to whether the property needed to be transferred into his sole name, for him to take out this mortgage by himself. Mr C told us Nationwide accepted it had made a mistake, which he felt was an admission of liability.

Mr C said he'd sent emails chasing progress on the mortgage, with no reply. Then he got his valuation fee back, without any explanation. Mr C said that since then Nationwide had sent conflicting letters about its final position.

Mr C said with the change in interest rates, Nationwide's action in cancelling his application had cost him thousands. But it had only offered him £100 in compensation. Mr C wanted us to investigate, and award the correct level of compensation due.

Nationwide said Mr C applied for a mortgage in his sole name at the start of June 2022. It received mortgage statements from him on 28 July, and asked for fresh statements on 9 August. It didn't get a response, and it said Mr C's application was cancelled on 22 August. Nationwide didn't think that was a mistake.

Nationwide said it had mistakenly sent Mr C two final response letters. In one, it had said to Mr C that his last 12 months mortgage statements were never provided in a format that was acceptable or for the correct time period. It said statements he provided in late July 2022 only covered a 6 month period. Nationwide said it had asked again for this information, and Mr C just said he'd already sent it. Nationwide said it did warn Mr C that his application would be closing down, and it was later cancelled.

In the other final response letter, Nationwide said it had emailed Mr C, asking him to supply documents by email, by post, or in branch. Nationwide accepted it had wrongly told Mr C that it had received some documents he'd uploaded to the portal, and it was sorry about that. It said the portal was just for uploading documents that its solicitors needed to see. But in this letter, Nationwide also said Mr C's application was cancelled because he didn't supply requested documents in the requested format.

Nationwide said it was sorry Mr C had been given wrong information, and it would like to pay

him £100 compensation for that. But it said he hadn't been supplying documents in the way it had requested, and he had never sent the revised mortgage information Nationwide had requested. So Nationwide said it wouldn't honour the rate that Mr C was originally offered.

Our investigator didn't think this complaint should be upheld. She said whilst she understood the confusion, she had to take into account that Nationwide had set out how it wanted documents to be supplied to it, and Mr C hadn't sent the documents in that way. The portal he was using to upload documents only linked to Nationwide's solicitors, not to Nationwide itself. Our investigator didn't think Nationwide had to do more than it had offered.

Mr C disagreed. He said that there was clear evidence of mis-representation as well as admissions of liabilities and errors from Nationwide, but we'd ignored those. Mr C wanted his complaint to be considered by an ombudsman, so it was passed to me for a final decision. And I then reached my provisional decision on this case.

### **My provisional decision**

I issued a provisional decision on this complaint and explained why I did propose to uphold it, but only in part. This is what I said then:

Before reaching any decision in this complaint, I asked both sides for some further information. Having received responses to my requests, I've reached a different conclusion on this complaint to our investigator. So this decision will be provisional, and I'll give both sides a chance to comment before I make a final decision.

I think it's clear that the emails Mr C received in this case, from Nationwide and from the solicitors working for Nationwide, have generated some confusion. I've considered the screenshots of the document portal that Mr C sent, and although Nationwide tells us it has no access to documents uploaded using that portal, the screenshots are branded with the Nationwide logo. I think it would have been helpful if both Nationwide and its solicitors had been clearer that Mr C would get two separate sets of documentation requests, and each one would need to be satisfied separately.

Unfortunately, I think this is not the only example of a lapse in service by Nationwide in this case. I listened to the call Mr C had with Nationwide on 25 July, where the agent repeatedly confirmed there was no reason an application couldn't go ahead for a mortgage just in Mr C's name, on a property which he owned jointly with another person. I have queried this with Nationwide, and it now says this advice was incorrect. I'll return to this below.

On the same call, Mr C referred to having uploaded documents to the portal, and the agent didn't query this. Nationwide has told us it doesn't have a portal, and it has no access to the documents uploaded to its solicitors' portal. So I think this was a missed opportunity to resolve the confusion here.

This is the same call where Nationwide accepts it gave Mr C some incorrect information. It told Mr C then that it had received documentation he'd only ever sent via the portal, so it hadn't received. Nationwide accepts that it made a mistake about this.

I also think it was unhelpful that Mr C was sent two final response letters. (I know Mr C says there were three, but I think only two of these were formal responses to Mr C's complaint.) And I note that one of these letters says Mr C only supplied six months of statements, which is also an error by Nationwide.

For those reasons, I think Nationwide was right to offer Mr C some compensation in this

case. I can see it offered Mr C £100, and it doesn't look like that's been paid. But, because I think there have been a number of problems here, including the advice Mr C was given on his application in late July 2022, I don't think that would provide a fair and reasonable outcome to the part of Mr C's complaint which is about the poor service he received. I think Nationwide should pay Mr C £350 to make up for that.

But Mr C also says that it's because of Nationwide's poor service, that he ended up missing out on this mortgage. He says he's now been offered a much higher rate, and he thinks that's Nationwide's fault.

I haven't reached the same conclusion here. I don't think it's likely that this application by Mr C would have resulted in an offer and the draw down of a mortgage. That's for two reasons.

Firstly, I don't think Mr C had actually supplied all of the information Nationwide requested. If we set aside the confusion about whether some documentation was actually supplied to Nationwide, or only sent to its solicitors, I think Nationwide was clear that it wanted 12 months of mortgage statements from Mr C. Nationwide also said these mortgages weren't identified on the statements Mr C sent, and it wanted to know which was which. It wanted each mortgage statement to be supplied as one document.

Mr C told us he had sent this information in late July, but Nationwide was asking him to send this information again in early August. I can see Mr C replied to this request by email in early August, and he said then that the statements he'd already provided clearly show the account numbers, and the payment history.

The files that Nationwide sent our service include four pages of actual statements, as well as the cover pages for those statements. The statements appear to cover two mortgage accounts. I understand that Nationwide had asked for 12 months of statements for both mortgages, to show a full payment history for this time, but the statements it received for the smaller of the two mortgages don't overlap, and give the impression that they are missing about a month. The statements for the larger of the two mortgages also included a typo over the date, which is somewhat unusual for documentation supplied by a mortgage lender. I can see Nationwide was aware of this.

Given the issues I've noted above with the mortgage statements that Mr C supplied, I don't think it was unreasonable for Nationwide to repeat its request for 12 months of mortgage statements. And I don't think Mr C ever responded with revised information, or an explanation of why this couldn't be supplied. Without a response to this request, I don't think Mr C's application was likely to proceed.

There is also a second reason why I don't think this application would have been successful. We know Mr C was told by Nationwide's solicitors that he couldn't have a mortgage in just his name, if the property was in his name and his spouse's name. I understand Nationwide then said to him, on a recorded call I've listened to, that this wasn't an issue. But Nationwide has since confirmed that advice was wrong, and Mr C should have been referred back to its solicitors to resolve this.

When Nationwide's solicitors told Mr C he couldn't proceed with an application just in his name, unless the property was in his sole name, he said he didn't want to change how the property was owned. I think it's very unlikely that Nationwide would then have gone ahead and offered lending against the recommendation of its solicitors. And that, in turn, makes me think it's likely that Mr C would always have needed to make a fresh application, jointly with his spouse, if he wanted to remortgage with Nationwide but didn't want to transfer their home into his sole ownership.

For those reasons, I think it was reasonable for Nationwide not to proceed with this application with the documentation Mr C had supplied. And I also think, because only one of the two people who owned the property was applying for lending, this application was always unlikely to have resulted in a completed remortgage for Mr C.

So I know that Nationwide has accepted it made mistakes here. But I don't think those mistakes are why Mr C doesn't have this Nationwide mortgage now.

Mr C was aware at the end of August 2022 that his application with Nationwide wasn't going ahead. But by mid-February 2023, five and a half months later, he said he was still in the process of arranging a new mortgage. Mr C hasn't told our service why his remortgage isn't yet completed, but I don't think this further delay is Nationwide's fault. And mortgage rates have changed again during this time.

For these reasons, I don't think I can fairly and reasonably ask Nationwide to pay compensation based on the difference between the Nationwide remortgage Mr C was applying for in summer 2022, and any remortgage that he may have secured since then. My current view is that the payment of compensation I've suggested above does provide a fair and reasonable outcome to this complaint.

I invited the parties to make any final points, if they wanted, before issuing my final decision. Both sides replied.

### **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 said it would agree to pay Mr C an additional £250 in compensation, to make £350 in total. Nationwide said I'd noted the confusion caused by the document portal for its acting solicitor being branded as Nationwide. It said this portal was amended not long after Mr C made his application, and does now just show the name of the firm of solicitors.

My provisional decision, set out above, explains I thought Nationwide should pay £350 in compensation for what had gone wrong here, and also that I reached this view on the basis that appeared Mr C hadn't yet received any payment from Nationwide for this complaint. Nationwide now says it has paid Mr C £100 for his complaint. I think it's in line with my provisional decision to allow Nationwide to count towards the total compensation I awarded, any payment it has already made to Mr C, so I'll adjust my award accordingly below.

Mr C responded to disagree. He said he was pleased I'd agreed that the website branding was an issue, and that I'd concluded Nationwide had made mistakes. But he said an award of £350 was still far and away from where a realistic level of compensation should be.

Mr C addressed the two reasons why I'd concluded that his mortgage application would not, in any event, have been successful. On the issue of supply of statements, he said he had sent Nationwide 12 months of statements. He'd explained there were two mortgages on the property, and he said if Nationwide needed clarification of that, it should have asked for it. But he said it didn't, it just kept saying the statements weren't received, or were in the wrong format. Mr C said that after three months of being messed around, he gave Nationwide an ultimatum, with a deadline to make a mortgage offer. Mr C said that was when Nationwide refunded his valuation fee, and cancelled the application, without any correspondence.

And on the issue of whether Mr C could obtain a mortgage in his sole name, over a property which is owned jointly with someone else, he said that he and his spouse own the house

50/50. But the mortgage is just in his name, as he pays all the bills for the house.

Mr C said his mortgage has always been structured that way, since they bought the property, so he didn't accept it would be an issue for a bank to provide another mortgage in the same manner. He did accept there would be legal documents for his spouse to sign, but he said in his opinion that would not prevent the issue of a mortgage offer.

Mr C said he was now paying much more than he should be paying if Nationwide had honoured its commitments. He said he hadn't sent details of this because he hadn't been asked to. But he thought all Nationwide had done was used what happened as an excuse not to offer the suggested lending, because of the speed at which rates had risen.

Mr C wanted me to amend my decision in light of his comments, and send through a more realistic offer of compensation.

I'm sorry to have to tell Mr C that I haven't changed my mind. I'll explain why not.

I thought there were two problems in this case, either of which seemed to me would be likely to have prevented Nationwide from ultimately making an offer in this case.

Mr C's first point is that Nationwide never explained why it wanted fresh statements from him. I do think there has been some confusion here. From the emails I've seen, whilst it's clear Nationwide wasn't happy with the documents it had received, I do think there was scope for Nationwide to be clearer about its concerns. But it also seems as if Mr C was then replying to an email address which Nationwide said wasn't monitored, and had asked him not to reply to.

However, whatever the outcome on this first point, I would still say that a second hurdle remained, and means Nationwide was never likely to complete this application.

It's still my view that it's unlikely Mr C would have been willing to change either the way his house was owned, or the basis of his mortgage lending. That's because he has told us he thinks that is quite unnecessary. In my experience, it's not common for a high street lender to offer a mortgage in the sole name of one person, where two people are named on the deeds. I understand Mr C has found a lender who is willing to do this, so I understand why he says it isn't an insurmountable obstacle.

However, the key point here is that Nationwide has said it wasn't willing to lend on this basis. Nationwide doesn't have to lend to Mr C, and if it chooses not to lend on the particular basis that Mr C wanted, that's not unfair or unreasonable. As I've said, I don't think this is an uncommon approach for high street lenders to take. And as there's nothing here to make me think Mr C would then have been willing to make the required changes for this mortgage to go ahead, I still think this mortgage was unlikely ever to have been drawn down by Mr C.

Although arguably Nationwide could have turned down Mr C for lending a little sooner, I also noted that Mr C then didn't secure a different mortgage elsewhere, right away. And I said further changes in interest rates during this subsequent period weren't something I could hold Nationwide responsible for.

That's why my proposed award here wasn't based on the difference between the mortgage Mr C initially discussed with Nationwide, and the mortgage he's got now. Considering all the circumstances of this case, I still think my proposed award of compensation provides a fair and reasonable outcome to this complaint.

So, for the reasons set out above, I haven't changed my mind. I'll now make the decision I

originally proposed, subject to the qualification explained above.

### **My final decision**

My final decision is that Nationwide Building Society must pay Mr C £350. Nationwide Building Society can count towards that amount, any payment it has already made to Mr C for this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 14 November 2023.

Esther Absalom-Gough

**Ombudsman**