

The complaint

Mr J complains about delays when he applied to Nationwide Building Society for additional mortgage borrowing. He says interest rates increased during the delays. Mr J asks for an apology and compensation.

What happened

Mr J has a mortgage with Nationwide. He wanted to take out additional borrowing for home improvements. Mr J says he called Nationwide to check his age wouldn't be a problem, before making an online application in late May 2022 and sending the requested documents, such as bank statements and proof of earnings. Weeks passed and he chased Nationwide only to be told he hadn't completed the application and would have to start a new application. Interest rates had increased and Mr J had to choose a higher rate. He says he was asked for unnecessary information, and was then told he needed to attend a financial review and start a new application as the lending term would go past his retirement age.

Mr J says he had to find alternative funding and interest rates have increased.

Nationwide said Mr J chose a term that went up to his stated retirement date. It said it needed further information from Mr J about his income. Due to the time taken to provide this, the term went over Mr J's stated retirement age. This meant it had to provide advice on the application. Nationwide sent a cheque for £100 for the time taken to respond to Mr J's complaint.

Our investigator said while Nationwide should have told Mr J at the outset that he'd need to make the application on an advised basis, it hadn't caused delays. Mr J hadn't completed the first application and Nationwide was entitled to ask for further documents. Mr J chose not to receive advice, which would have allowed him to proceed with the application.

Mr J didn't agree and so the matter has been passed to me, an ombudsman, to re-consider Mr J's complaint.

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 J says he was told by Nationwide that there would be no problem provided the term didn't go past his 70th birthday. Nationwide says the only call it could find was in February 2022. Nationwide provided a recording of this call.

Mr J told Nationwide his age, but said he didn't intend to retire for some time. He said he was thinking of a loan term of five years. Nationwide said its maximum lending age was 75. It said the amount Mr J wanted to borrow was plausible given the loan to value. It said an affordability assessment would be required.

Mr J started an application for additional borrowing on 31 May 2022. He completed an

application on 24 June 2022. This said his planned retirement age was 70. The term he applied for took the term up to the month in which he'd reach his stated retirement age.

Nationwide reviewed Mr J's application and documents and sent a message to him on 30 June 2022. It asked for clarification about Mr J's bonus/commission. The message also said Mr J couldn't proceed with an application for borrowing into retirement without advice, and gave him a number to contact.

Mr J provided a letter from his employer about his bonus/commission in early July 2022. He didn't contact Nationwide about taking advice.

Mr J contacted Nationwide at the end of July 2022 to find out what was happening. Nationwide's notes say Mr J's application couldn't progress as he needed to take advice and this should be explained to him. However, Nationwide said it couldn't show that it gave Mr J this information.

Nationwide sent further messages to Mr J saying that he needed to take advice on 23 August 2022 and on three occasions in September 2022.

Did Nationwide make an error?

Mr J says Nationwide's requests for further information weren't clear, and he had to call to understand what was required. He doesn't consider it was necessary to provide clarification about his commission and bonus, and says he provided ample proof he could pay the mortgage. However, Nationwide is required by rules on mortgage regulation to assess affordability before agreeing to lend. It's needs to review the information it receives and can ask for more information and evidence if it needs to do so. Nationwide said it asked for clarification about Mr J's payslips as commission and bonuses are not always treated the same way by employers. I don't think Nationwide's requests were unreasonable.

But in any case, this wasn't the main cause of the problem with Mr J's application. The problem was that the term he applied for (six years and six months) went past his stated retirement age.

When Mr J started the application (on 31 May 2022) the term he chose would have ended just before his 70th birthday. But by late June 2022 this wasn't the case. This meant Nationwide needed Mr J to attend an appointment with a mortgage adviser. Nationwide sent a message to Mr J saying this at the end of June 2022.

Mr J says he was told this wasn't necessary. But having listened to the February call, I don't think Nationwide gave Mr J incorrect information. Mr J said he was thinking of a term of about five years – at that point his retirement age of 70 was more than six years away. When he brought the complaint to us, Mr J said he was told by Nationwide that he wouldn't need an assessment of his income in retirement provided the borrowing term didn't go past his 70th birthday. That was correct.

While I understand Mr J's frustration, I don't think it was wrong or unfair for Nationwide to ask him to take mortgage advice. It's lending policy required this because the loan term Mr J applied for went past his stated retirement age.

Nationwide accepts it should have told Mr J this at the end of July 2022, when he called about his application. And it accepts it took too long to respond to Mr J's complaint. It sent a cheque for £100 as compensation. When considering if this is fair, I've taken into account that Nationwide told Mr J at the end of June 2022 that he'd need to take mortgage advice as the term went into his retirement. It told him this again in August and September 2022,

however Mr J chose not to take advice. In the circumstances, I think £100 is fair and reasonable compensation for the effect of Nationwide's error.

My final decision

My decision is that I do not uphold this complaint. That's because I think the compensation paid by Nationwide Building Society is fair and reasonable in the circumstances.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr J to accept or reject my decision before 2 August 2023.

Ruth Stevenson
Ombudsman