

The complaint

Mr and Mrs G complain that they were unable to transfer their mortgage offer with Nationwide Building Society to a new property they chose when the first sale had fallen through. They also complain about the advice given to their broker by Nationwide and the handling of their complaint.

What happened

Mr and Mrs G applied through a broker for a mortgage and got a mortgage offer on a house they were buying in July 2022. The application was to borrow £387,000.00 on a ten-year mortgage product with a fixed interest rate of 2.24%. That purchase fell through. They then saw another house they liked in November 2022 and asked their broker to contact the Society to see if the offer could be ported to this other house. The broker says he was told that this could be done using a transfer property form. But when Mr and Mrs G submitted the form they were told that a transfer was only possible at the application stage and not if it went to offer as here. Mr and Mrs G engaged solicitors on 7 November and paid £400 on 13 November towards searches and asked the broker to request the property transfer form which he did on 17 November. But Nationwide said that they couldn't transfer the property after an offer was made. Mr and Mrs G say that this the new house poses less risk than the previous one as it costs less, and they are putting down a significant deposit.

Nationwide says that a mortgage product can only be ported after a mortgage completes. But in this case completion hadn't taken place. Its policy is not to transfer a mortgage offer to another property but requires the borrower to make a new application for a new property. It has no record of a call with Mr and Mrs G's broker in November but accepts that Mr and Mrs G were told incorrectly that the broker was given incorrect information that a transfer was possible.. It offered compensation of £100 for the incorrect information.

Our investigator didn't recommend that Nationwide pay further compensation as the mortgage offer didn't say it could be transferred and the information on the intermediaries website should have alerted the broker to the fact that if an offer was issued and the sale fell through that a new application was required.

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.

Whilst I may not comment on everything raised by both parties as they have both provided detailed submissions, I've thoroughly read and considered all the evidence and arguments from both sides. My decision focuses on the relevant key issues, and on what I consider fair and reasonable in all the circumstances of the case.

The core of this complaint is Mr and Mrs G wanted Nationwide to transfer their mortgage offer from one property to another after their first sale had fallen through, but Nationwide didn't agree. The issue I have to consider was whether this was fair. Of some significance in

this is that this was a broker sale to Mr and Mrs G. The broker's role is to determine whether this mortgage was suitable for Mr and Mrs G and that's not an issue for Nationwide. Some lenders allow their borrowers to transfer their mortgage if a sale falls through and some don't. Whether the ability to transfer a mortgage is significant to a borrower, I imagine depends on whether they anticipate a sale falling through. Before the sale fell through, the transferability may not have been important as they've indicated that the significant factors in their choice were the interest rate and length of the fixed term. In any case Mr and Mrs G chose, following the recommendation of their broker. this mortgage with Nationwide.

The mortgage offer itself is simply an offer applicable to a particular property, but it does not promise transferability. There is a reference to porting the mortgage product to a new mortgage with Nationwide on a new property subject to lending criteria but that's to facilitate house moving where a mortgage has completed, and the borrowers would otherwise pay an early repayment charge. It doesn't facilitate the transfer of the mortgage offer, and it's all subject to Nationwide's lending criteria.

Nationwide's lending criteria doesn't allow transfers of the mortgage offer to other properties after the offer has issued. That is apparent from the information they've supplied during the course of this complaint from their website for intermediaries which would have been available to the broker. That has a section "*How do I change the property details?*" which says that if the application hasn't been submitted that the security address can be changed but if it has been fully submitted, as is the case here, the address can't be amended, and the broker needs to cancel the application and start a new one. As I say the policy on transferability differs between lenders and if Mr and Mrs G were with another lender when the sale fell through their position might well have been different. But Nationwide had fairly set out its position on how it dealt with changes to the mortgage offer which was available to the broker and via the broker to Mr and Mrs G on its website at this time. As Nationwide followed its lending criteria I can't fairly find Nationwide at fault.

But when Mr and Mrs G lost their intended purchase and went to the broker to see if the offer could be transferred, they were initially told that Nationwide's position was different. I've seen a message from the broker to Mr and Mrs G of 7 November 2022 where he tells Mr and Mrs G that Nationwide offered the ability to switch the mortgage offer to a different property. I understand the broker to say that he got that information from Nationwide although in that message he doesn't refer to the source of that information. In any event Nationwide accepts that it may have conveyed incorrect information to the broker in a phone call but points out that the broker could have looked at the website for intermediaries to ascertain Nationwide's correct position.

I have set out above what that website says. I note that with website's being upgraded constantly, Mrs G reasonably asked for confirmation that this information was available in late 2022 and hasn't been changed since then. The Society tells us that the relevant section hasn't been changed and has provided evidence about that, so I accept that the likely information held on the website at that stage was as set out in the paragraph above.

Mr and Mrs G continued with their house purchase in the hope that the mortgage offer could be changed but it shortly afterwards emerged that Nationwide was sticking with its policy although it was also suggested that the underwriters may have been able to override although this proved not to be the case. Mr and Mrs G in any event went ahead with the purchase with a new and more expensive mortgage with another lender.

There was an error here by Nationwide in the information it supplied by phone to the broker and Mr and Mrs G should be compensated for the disappointment caused by the incorrect information coming from Nationwide. As Mr and Mrs G went ahead with the purchase, my view is that any costs they would have incurred, they would have incurred in any event

regardless of the incorrect information by Nationwide. I don't accept their suggestion that they went ahead with such a substantial purchase merely because they paid search fees after Nationwide's discussion with the broker. Nor can I fairly require Nationwide to pay for any costs associated with their failure to buy their first property resulting from the purchaser pulling out of the sale and not the fault of Nationwide. I acknowledge that Mr and Mrs G were also unhappy with Nationwide's handling of the complaint. Our service deals with complaints about financial services provided by businesses but complaints handling itself isn't a financial service and isn't within our jurisdiction.

I accept that Mr and Mrs G must be disappointed that Nationwide stuck with its policy but as I don't consider that unfair I can't fairly compensate them for that. I also have to accept that although Nationwide made an error, that was corrected shortly afterwards and that the correct information was there for the broker on the intermediaries website. So, I believe that the offer of £100 compensation from Nationwide is fair and don't require it to pay further compensation.

My final decision

Nationwide Building Society has already made an offer to pay £100 to settle the complaint and I think the offer is fair in all the circumstances.

So, my decision is that Nationwide Building Society pays Mr and Mrs G £100.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G and Mrs G to accept or reject my decision before 2 January 2024.

Gerard McManus
Ombudsman