

The complaint

Mr G complains Nationwide Building Society caused him to sell a car unnecessarily.

What happened

Mr G wanted a mortgage with Nationwide. He called Nationwide on 6 February 2023 and spoke to a mortgage representative, whom I'll call "J". The purpose of the call was to record various details and arrange an appointment for Mr G with a mortgage advisor.

As part of the discussion Mr G was asked about a car loan. Mr G explained his household was expecting a large payment which would be used to pay it off, but this might not happen before the mortgage needed to start. J explained that with the car loan repayments ongoing (about £550 a month), the amount Mr G wanted to borrow was unaffordable 'over any term'.

Mr G explained he needed the money to purchase a new home. J checked to see if the mortgage showed as affordable if the car loan was paid off. He said it did, but the loan would need to be paid off before the new mortgage started. Mr G said he would sell the car. J put Mr G on hold to check things and seek some assistance.

While on hold Mr G booked an appointment with a car selling website, so he could sell the car that week. He told J this during a mid-hold update. On his return J told Mr G mortgage advisors and/or underwriters might ask for proof the car loan has been paid off, or that the money is available to do so. J booked in an appointment for Mr G with a mortgage advisor, whom I'll call "S", for 13 February 2023.

Mr G sold the car on 8 February 2023. When he spoke to S a few days later it came to light the affordability issue was because the term of the mortgage took Mr G into retirement. When S reduced the term, the mortgage became affordable, even taking into account the car loan repayments. Mr G says S said J should have known better. Mr G complained that he'd sold the car, incurring a loss and inconvenience to his household, unnecessarily.

Nationwide responded to say Mr G had been given information only, and not advice. It didn't accept it was responsible for Mr G selling the car. Mr G asked our service for an independent review. The Investigator recommended the complaint should be upheld because he was satisfied Mr G had been led to believe he needed to pay off the car loan to get the mortgage. He recommended Nationwide pay Mr G £500 compensation.

Mr G accepted the Investigator's recommendation. Nationwide didn't. It said Mr G chose to sell the car ahead of his appointment with S and without exploring other options with S. It later said, when challenged by the Investigator, that it was Mr G's decision to sell the car without exploring all avenues. As an agreement couldn't be reached the complaint has been passed to me to decide.

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.

I find Mr G's complaint has merit. J might not have been a mortgage advisor. But he did gatekeep Mr G's access to one and had to check affordability. While I find J was professional, courteous, and helpful, I'm satisfied Mr G was put in a difficult position. He needed a certain amount of money to purchase his new home and was led to believe this wouldn't be possible unless he paid off the car loan. We now know this was unnecessary.

While I accept Mr G would have been better off speaking to S before selling the car, that is with the benefit of hindsight. Mr G was told he might need to provide S with proof the car loan had been paid off, or that the money was available to do so. And J didn't suggest Mr G hold-off selling the car until he'd spoken to S. I don't find Mr G proceeding to sell the car prior to his appointment with S unreasonable. It follows I'm satisfied Nationwide is responsible for Mr G selling the car unnecessarily.

Mr G has said selling the car unnecessarily caused him a financial loss. Like the Investigator, I'm not persuaded I can fairly and reasonably require Nationwide to pay Mr G his alleged loss. I say this because him making a loss by selling and then purchasing a car isn't something which was reasonably foreseeable to Nationwide. And there is no accurate way to quantify the alleged loss in any case.

But I am persuaded Nationwide caused Mr G directly (and through his household, indirectly) distress and inconvenience. He had the concern about getting the mortgage he needed for his new home, the hassle of selling the car quickly, and the frustration of finding out it could all have been avoided. His household was also without a car – unnecessarily – for a time. The Investigator recommended Nationwide pay Mr G £500 compensation for the impact this matter had on him. I consider that a fair and reasonable amount in the circumstances.

My final decision

I uphold this complaint and require Nationwide Building Society to pay Mr G £500 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 21 September 2023.

James Langford
Ombudsman