

The complaint

J, a limited company, complains about delays by State Bank of India (UK) Limited in reviewing applications for three buy to let mortgages, which it then declined. J is represented by its directors.

J asks that SBI refunds valuation fees and compensates it for the treatment it received, its legal fees and higher borrowing costs.

What happened

J's broker submitted three buy to let mortgage applications to SBI on J's behalf in mid-2022. SBI says it had a high workload at the time and accepts it took longer than usual to review the applications.

J's director (who I'll refer to as Mr S) says they heard nothing until early October 2022, when SBI told the broker the applications were ready to go to valuation and asked for the valuation fees to be paid. The valuations were carried out in mid-October 2022. Mr S says they again heard nothing from SBI until 22 November 2022 when it said a number of tasks were outstanding. Mr S says they provided the information and evidence requested to the broker.

In early December 2022 SBI sent an email saying the product had been withdrawn and the applications were declined due to the number of outstanding tasks. Mr S says this left J with finance at higher interest rates.

Our investigator said there were delays with J's applications being reviewed. But the reason for them being declined was that J's broker hadn't provided information in time.

J didn't agree. Mr S said, in summary:

- of the six months the applications were with SBI, five months were wasted by SBI
- SBI hasn't explained what information was outstanding or provided evidence of this
- SBI hasn't provided evidence it gave a deadline to the broker.

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.

There's dispute between the parties about what happened. Both parties provided further information before my final decision which helped to clarify what happened, particularly in the last two weeks before the applications were cancelled. I should explain that where the evidence is incomplete, inconclusive or contradictory, I reach my decision on the balance of probabilities – in other words, what I consider is most likely to have happened in light of the available evidence and the wider circumstances.

I must also be clear that the complainant here is J. As a limited company, J doesn't experience emotions. And I can't usually award compensation for loss, worry or upset caused to third parties (such as J's directors). While I could require SBI to pay compensation for J's financial loss, I'd only consider it fair to do so if the loss resulted from an error made by SBI.

SBI accepts there were delays in reviewing mortgage applications in 2022. It was overwhelmed by the numbers of applications. I don't need to set out each event here, but the key points in the timeline are:

- 1 July 2022: decision in principle issued. Mr S says the mortgage applications were submitted on this date. SBI says they were submitted in early August 2022
- 2 to 10 August 2022: SBI allocates a case manager to review the applications
- 17 August 2022: the broker chases SBI, which says the cases were allocated to a case manager on 3 and 4 August 2022 and it had a 20-working days service level agreement. It said "once checked by the case manager and subject to no further information required the case will be sent to underwriters to do the initial underwrite and again if everything is good we can instruct the valuation". The broker chased SBI again in September 2022.
- 5 October 2022: valuation fees paid. SBI says the broker asked for valuations to be put on hold. Mr S says they didn't want to pay for valuations until SBI confirmed everything else was in place.
- 25 October 2022: valuations completed
- 22 November 2022: SBI asked the broker for further information
- 5 December 2022: SBI emailed the broker saying the products were withdrawn and the cases were declined due to the outstanding tasks.

J's directors didn't want to pay for valuations until all other matters had been resolved. I don't think, in fairness, SBI could guarantee there'd be no issues arising after the valuation. I note that SBI's email to the broker referred to the "initial underwrite" happening before the valuation. I haven't seen anything to suggest that when it asked for the valuation fees SBI expected there to be a problem with the applications.

The parties agree that SBI asked for information and documents on 22 November 2022.

Mr S refers to the request as a "bombardment". He says SBI asked for items they'd previously provided, requested items it hadn't previously asked for and hassled the broker to respond.

SBI says it wanted to explain that the interest rate products wouldn't be available indefinitely – something it says the broker ought to have been aware of, given changes in mortgage interest rates at that time. SBI says the outstanding tasks could easily have been completed by the broker. SBI says if the applications had been completed it would have honoured the product rates.

The parties agree that SBI called the broker several times, including on 30 November 2022 to chase for outstanding information. The broker says in his written evidence that he told SBI it was unreasonable to ask for information to be provided within seven days, and they expected a reasonable amount of time to provide the information. He says he was assured they'd be given a reasonable time to provide the information.

SBI sent a list of tasks to be completed late in the application process. It chased the broker to complete the tasks, and I can understand this was frustrating given how long SBI had taken to review the application. But, in fairness, I think SBI was doing what it could to get the applications completed, before the products were withdrawn.

There's agreement between the parties that at least one task was outstanding when SBI declined the applications. The broker hadn't confirmed to SBI that J would proceed with a smaller loan after one of the valuations was lower than expected. SBI says there were more tasks outstanding. It says while J's directors might have provided information to the broker this wasn't forwarded to SBI. I think, based on the available evidence, it's likely that more tasks were outstanding. This is because of what the broker says in his emails. For instance, on 12 December 2022 he challenged the fairness of SBI cancelling the applications because of outstanding information not because the information had been provided but because SBI had only requested it on 22 November 2022.

That leads me to consider whether it was reasonable for SBI to ask for these items in late November 2022.

SBI provided screen shots of the outstanding tasks for the three applications. I don't think these requests were unreasonable, or that it would have been impractical for the tasks to be completed within a short timeframe. I'll only comment on the items Mr S expressed frustration about.

SBI asked for J's 2022 accounts. Mr S said this was a new request as SBI had accepted the 2021 accounts when the applications were submitted (the 2022 accounts weren't finalised at that time). J's 2022 accounts had been filed at Companies House in September 2022. I don't think it was unreasonable for SBI to ask for a copy, or that there would be a problem with J providing it.

SBI asked for updated information (for instance of rental income). I appreciate this was frustrating given the delays, but I can't see that it would have been difficult to provide. SBI also asked for buy to let mortgage statements for each security property. Mr S says this was a new request, and not a usual one. However, I can't see that it would have been unduly difficult to provide statements within a two-week period.

I don't think it was unreasonable for SBI to ask the broker to respond to a query resulting from a credit check. SBI also asked about succession planning as the mortgage term went past the usual retirement age for the directors. From what Mr S said, he was able to respond to these questions.

SBI asked for the applications to be signed by the second director. The broker says SBI had previously confirmed it received digital signatures. As this wasn't the only task outstanding, I don't need to make a finding as to what had happened. Even if asking for the applications to be signed was an error by SBI, the outcome wouldn't be different.

Much of the time taken with this application was due to long review times within SBI. But this didn't mean it was unfair or unreasonable for SBI to ask for further or updated information. I need to take into account that letting property is a business, and SBI was entitled to expect J to respond to requests for information accordingly.

The broker disputes being told by SBI before December 2022 there was a deadline to complete the outstanding tasks. But there's no doubt that SBI made it clear there was an urgency to completing the tasks. And all parties would reasonably have been aware of the wider circumstances at the time, with mortgage lenders raising interest rates and withdrawing products. Mortgage lenders are entitled to make a commercial decision about

the products they offer, and to withdraw products at any time.

I appreciate that J's director and the broker felt it was a "cheek" for SBI to ask for tasks to be completed within a short timeframe when it had taken so long with the application. But until this happened the applications weren't complete and the interest rate products weren't secure. I think, based on the available evidence, the outstanding tasks could reasonably have been completed within the available time. Ultimately the reason for the applications being cancelled was that there were outstanding tasks on J's applications when SBI withdrew its mortgage products.

I know that J's directors will be disappointed. But I don't think it's fair and reasonable in the circumstances to require SBI to refund fees or pay compensation to J.

My final decision

My decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask J to accept or reject my decision before 23 November 2023.

Ruth Stevenson
Ombudsman