

The complaint

Mr B's complaint is about a failed mortgage application with Bank of Scotland plc trading as Halifax (BoS). The application failed because of a mistake by BoS and Mr B wants to be compensated for the financial losses and the upset and inconvenience he suffered.

What happened

In 2020 Mr B decided to buy a property. The plot of land associated with the house was to be split at the time of the sale and a piece sold off separately by the vendor. The property was being marketed on this basis. Mr B applied for a mortgage with BoS and as part of the assessment of the application, it commissioned a survey of the property. The valuation was completed in February 2021. Unfortunately, when the valuation was completed, the fact that the plot was being split was not taken into account, and the value given was for the house and the entire area of land that was then currently part of the title. Even taking that omission into account, the property was valued at £2,000 less than Mr B had agreed to pay for it.

The property purchase price was renegotiated and reduced. Subsequently a mortgage offer was issued to Mr B, which was based on the potentially incorrect valuation. It was April 2021, shortly before Mr B had hoped to complete on his purchase, that the error with the valuation came to light. The valuer was contacted and asked if/how the change to the boundary of the property title would affect the valuation. It took some time for BoS to receive a response as further information about the property title was needed.

On 10 May 2021 Mr B informed BoS that while he had managed to extend his stay in his rental property, this had only been agreed for a short time and he would have nowhere to live in four weeks' time. Mr B has told us that he moved out of his rental property and stayed with his parents. It doesn't appear that he gave BoS details of his temporary address.

During the process of reviewing the valuation, a further error occurred; the mortgage funds were incorrectly sent to Mr B's solicitors. The money was returned by Mr B's solicitors, but as this didn't happen immediately, a record of a mortgage account was added to Mr B's credit file.

29 April 2021 Mr B sent an email to BoS' 'conveyance support' team. He informed it that because of the mistake with the valuation, the sale might not go through as planned. He explained that if it didn't, he would have losses in respect of a week's holiday from work (£1,000), removal costs of £3,000, additional costs for solicitors and other things, he would lose £4,000 in total. He said he was close to pulling out of the mortgage with BoS and seeking a mortgage elsewhere.

The valuer provided further comment and BoS decided that it was happy to progress with the mortgage as it was. This was confirmed to Mr B's solicitors on 14 May 2021. This was ten days after the proposed completion date. Unfortunately, the vendor of the property Mr B was buying pulled out of the sale. BoS was informed this was the case on 17 May 2021.

Mr B found a different property to purchase and intended to take a mortgage with a different lender. He contacted BoS at the beginning of June 2021 because his credit file was showing that he had a mortgage with BoS.

Mr B's new purchase completed in August 2021.

Mr B initially complained about what was happening due to the error with the valuation in April 2021 and later added the issue with his credit file to the complaint.

BoS upheld Mr B's complaint. It accepted that the issue with the valuation had caused a delay in the process which had resulted in Mr B and his partner suffering upset and inconvenience. It offered them £500 compensation for this. In addition, it said it was correcting Mr B's credit file to ensure that it didn't show a mortgage. BoS also acknowledged that there might have been additional costs incurred as a consequence of the error and it offered to consider any such costs Mr B put forward.

Mr B didn't receive BoS' response to his complaint when it was originally sent as the address used was Mr B's former rental address, which he had already moved out of. He was later provided with a copy. He didn't then provide BoS with details of costs he wanted to claim, as he had already referred his complaint to this service. He informed us that he had rejected the compensation offer and wanted to continue his complaint with this service.

BoS told us that it didn't consider that it was responsible for the complaint response letter not having been received, as Mr B hadn't told it about his change of address.

Our investigators asked Mr B what additional costs he'd incurred because of the failed house purchase. Mr B put forward information about the losses he believed he'd suffered:

- A hotel stay when doing viewings to find an alternative property. This involved two nights accommodation starting on 28 July 2021. Mr B provided a receipt for this item, which amounted to £390.50, but included £82 in hospitality charges. Plus, he requested £300 fuel costs for the journey.
- The costs associated with the legal work done for the purchase that fell through. Mr B provided an initial quote of £1,069, but not the final invoice showing what he was actually charged.
- Rental of his previous home for an additional month at £2,250. No documentary evidence of Mr B's original exit date from the property, the extension or payment of the additional rent was provided.
- Rent at his parents' house of £1,000 per month for four months. No evidence of these payments was provided.
- His partner's loss of earnings at £2,000 per month, as she had been unable to work due to the effect on her of BoS' error. Evidence that her doctor had found her unfit to work due to her mental health around the time of the proposed move was provided. No further evidence was given.
- Storage of furniture for the period between Mr B leaving his rental property and moving into his new home of £1,055.84. No documentary evidence of this cost was provided.
- Van hire and fuel to move his furniture and possessions into storage where he was planning to buy and then to his new home at £750. No evidence of this cost was provided.
- Fuel costs for five journeys from where he was renting to where he was buying at £600. No evidence of the journeys or the costs were provided.
- £300 deposit (cash) paid to the removal firm that had been commissioned for the planned removals of his furniture and possessions, which wasn't refunded.

- The purchase of three items of furniture for the original property which couldn't be used in the new property. No evidence of the purchase of these items was provided.
- The loss on three items of white goods purchased for the original property, which were not needed in the new one, and had to be sold on. No evidence of the purchase or sale of the items was provided.
- The new property was more expensive than the original, which will mean additional mortgage payments over the term of over £26,000.
- £3,000 compensation for the stress the error caused him and his partner.

One of our investigators considered the complaint. He recommended that BoS increase its offer to cover the following items:

- The valuation fee charged in relation to the failed property purchase.
- The legal costs incurred in relation to the failed property purchase. Mr B would need to provide BoS with evidence of the costs actually incurred.
- The cost of the rental vehicle and fuel for transporting his possessions from his rental property to storage near where he was planning to move to. Mr B would need to provide BoS with evidence of the costs incurred.
- The cost of storing Mr B's house contents for the period between the date the failed purchase should have completed and completion on his new purchase. Mr B would need to provide BoS with evidence of the costs incurred.
- The lost deposit for the removals firm if Mr B evidenced that the £300 cash was used for that purpose and that it wasn't refunded.

Initially, the investigator also concluded that the cost of the July 2021 hotel stay should also be covered, if Mr B evidenced that he had viewings booked during his stay. He didn't do so, so the investigator, ultimately, didn't recommend this item be paid. In addition, the investigator was satisfied that the compensation for the upset and inconvenience Mr B had suffered was sufficient.

Mr B didn't accept the investigator's view as he didn't think it wasn't enough to compensate him for the losses and the suffering BoS caused. He asked that the complaint be referred to an ombudsman.

I issued a provisional decision on this complaint on 13 June 2022. I set out my conclusions and the reasons for having reached them in that document. Below is an excerpt.

'BoS has accepted that problems within its process caused delays in the progress of the mortgage and, ultimately, likely led to Mr B losing the property he was buying. It has also accepted that the mistake in advancing the mortgage monies effected Mr B's credit file and that it was responsible for this. As such, I don't need to consider whether BoS is at fault in this matter, but rather I need to assess what the appropriate redress is to compensate Mr B for both his financial and non-financial losses.

I will firstly comment on the matter of Mr B's credit file. BoS accepted that the mortgage advance shouldn't have been made and that it needed to correct Mr B's credit file. It did this immediately and appears to have also contacted the alternative lender Mr B had applied to in order to explain the situation and prevent any further delays in his application being considered. BoS has confirmed that the mortgage with it has been removed from Mr B's credit file (and, therefore, won't have an ongoing effect), the mortgage payment taken was refunded and it is clear that his mortgage application with the alternative lender succeeded. So Mr B has been placed in the position, i.e. a credit file that hasn't been affected by the mistake, as he should always have been.

The aim of redress for financial losses is to place a consumer, as far as possible, in the same position as they would have been, but for the mistake made by the financial business. When doing so, while I can make decisions in principle, to be able to ask a business to reimburse costs, it usually needs to be evidenced that the costs were actually incurred and are linked to the error. This doesn't always need to be in the form of receipts or invoices, but can be evidenced by alternative means, for example records of card payments on bank statements.

BoS has agreed to pay Mr B the legal costs for the failed property purchase and a refund of the valuation fee, although it only agreed to the latter in order to help resolve the complaint. It is clear that in the circumstances Mr B will have had to pay two sets of valuation fees and legal costs, which would not have been the case had the original purchase not failed. In light of this, I am satisfied that it is reasonable that Mr B should be reimbursed for both of these items. BoS handled the valuation fee and so knows the amount it needs to refund. However, Mr B hasn't provided the final bill for the legal costs associated with the failed purchase. He should provide this information to BoS as soon as possible, or alternatively, his solicitors could confirm that information direct to BoS.

Mr B has said that he made multiple journeys after his original purchase fell through to the area of the country he wanted to buy a property in, in order to complete viewings. Given that most people wouldn't purchase a property without viewing it first, I think it is likely that Mr B did visit properties. However, it isn't clear when this happened and where he was based at those times.

In its comments to our investigator, BoS said that it was not willing to pay costs associated with Mr B travelling to and staying in the area of the country he was buying in. This was because it was his choice to buy a property so far away from where he was living at the time. I would agree that it was Mr B's choice to buy in a particular area and Mr B would have been responsible for the costs of house hunting in normal circumstances. However, these were not normal circumstances. Mr B was having to find an alternative property to the one he had already paid the costs of finding, because of delays caused by BoS. As such, the costs associated with Mr B house hunting for a second time are not costs that reasonably he would have always had to pay out and they should be reimbursed.

That said, if Mr B wants to be paid fuel costs for his journeys, he will need to provide evidence of them and from which address he was travelling – his rental property or his parents' home. The former is most likely to be evidenced by correspondence about bookings for viewings. The same applies to the hotel stay at the end of July 2021 – Mr B can evidence that this was for the purpose of viewing properties, BoS should pay the cost of the hotel stay, although it would reasonably be able to deduct the hospitality costs from the amount paid. BoS could make settlement using the mileage between addresses and a fuel calculator.

Again, it follows from the loss of the original property that Mr B would have needed to make alternative arrangements for somewhere to live and to store his possessions until he moved into his own property. As such, I agree that the cost of storage for Mr B's household contents should be reimbursed upon provision of evidence of the cost.

Mr B has told us that his former landlord allowed him to remain in the rental property for an additional month and he would like to be reimbursed for this cost, as he wouldn't have paid it, but for the original property purchase falling through. The same applies for the time he spent living with relatives and the rent he paid them.

Mr B would always have paid out the costs of accommodation for the period in question. However, there is a difference in what he would have got for his money during that period. Had the purchase gone through, he would have paid the monthly mortgage payment to BoS,

which would have been made up of two parts – capital repayment (from which he would have benefitted long-term) and interest. However, in paying rent, Mr B didn't benefit from the monthly payments at all. As such, I am satisfied that Mr B effectively lost a sum equivalent to the capital repayment element of what would have been his mortgage payments in paying rent. If Mr B can evidence the date his tenancy was meant to end originally, and that he paid a further month's rent to his landlord after the original sale fell through, then I consider that BoS should reimburse Mr B an amount equivalent to the capital his mortgage payment for that period would have included.

Mr B has said that he paid his relatives £1,000 a month for the period he stayed with them. Whilst relatives will sometimes charge rent in such circumstances, it is very often the case they don't. As such, in such circumstances I would need to see very clear evidence that such payments were made and for what they were made, for example that there was no element of board included in the amount. Mr B has been given opportunities to provide evidence in this regard and has not done so, so I am presently not minded to make an award in this respect.

I now turn to the matter of removals and the associated costs. Mr B has told us that the plan with the original purchase was for a professional removal company to move his furniture and contents. This was going to cost £3,000 and he paid the movers a cash deposit of £300, which wasn't refunded when he cancelled the removal. Instead of incurring this cost when he actually moved to the area he eventually bought in, Mr B hired vans and completed the move himself – to the storage unit and from the storage unit to his home. This cost £750 plus fuel.

While Mr B had the inconvenience of moving his contents himself and he wasn't refunded his deposit, the overall cost to him of moving his contents was significantly less than it would have been had the original house purchase had gone ahead. As such, he didn't suffer a loss in this respect and I don't propose to make an award.

Mr B has said that he bought furniture and white goods for the original property, which he then couldn't use. The furniture is still stored in a shed at his property and the white goods were sold second-hand for a loss. While Mr B has provided photographs of some pieces of furniture that appear to be in storage, he hasn't given us evidence of the purchase of any of these items. For me to consider making an award in this respect I would need to be satisfied that the purchases were made for his proposed occupation and that the items were unable to be used in the property he eventually moved into. No such evidence has been provided and I am unable to make an award in this regard.

Mr B has also asked to be compensated for the additional mortgage payments he will have to make because the new property was more expensive than the original one. As our investigator explained to Mr B, the choice of new property was Mr B's and we can't hold BoS responsible for any additional costs because he chose to buy a property with a higher value.

As our investigator also explained, Mr B's partner was not a party to the mortgage, and so can't be a party to this complaint, and we can't make an award to her. As such, even if there was evidence of her loss of income and it was due to the failure of the original property purchase, I wouldn't be able to order BoS to make a payment to her.

I now turn to the matter of the compensation payment for upset and inconvenience. Due to the delays on BoS' part it has been accepted Mr B and his partner lost the home they wanted and were about to move into. I accept that will have been very upsetting and disappointing. As a result of that, they had the concern that they would have nowhere to live and had to make last minute requests to their landlord to extend their stay. They then had to

stay with relatives for a period, which based on Mr B's comments, was somewhat cramped and not the most pleasant situation, for a period of months.

In addition, Mr B and his partner had to put in the time and effort to find a replacement property to buy. This process can be a stressful in the best of circumstances, but in their circumstances would likely to have been more stressful than usual. Added to this were the issues created by the mortgage being incorrectly advanced and the problems that this then caused Mr B in obtaining a mortgage with an alternative lender.

So I am satisfied that there is a need for a compensation payment for the upset and the inconvenience suffered, and that award should be more substantial than the offer BoS made. Deciding on such compensation awards is difficult and no amount of money can truly compensate for upset and inconvenience suffered. In this case I am minded to award £1,250.'

BoS confirmed that it accepted my provisional decision. It set out a list of what it was anticipating paying, which wasn't correct. It also asked that Mr B be asked to provide his bank details so that it could pay the settlement without delay.

Mr B confirmed that he was happy with my findings. However, he said that he was slightly confused as he believed that he'd provided details of the costs he incurred through bank statements and invoices. Our investigator confirmed that was not the case.

Mr B then said that he and his partner hadn't moved in with his parents during the months they were finding and completing on their new property. Rather his parents had moved out and stayed with relatives, and Mr B had rented the entire three bedroomed house from them at a total cost of £3,000. He said that while his parents hadn't wanted to take rent from him, he had insisted on paying the 'going rate' for the three-bedroomed house and would evidence this with bank statements.

Mr B subsequently provided evidence of the following costs (copies of which will be provided to BoS):

- Payments to the storage company totalling 1,055.84.
- The deposit paid for the legal costs of £180.00.
- Rental vehicle costs of £356.40 and £185.00. This also confirmed that Mr B moved his contents into storage the weekend of 4 June 2021 and to his new home the day after completion on that purchase.
- The rental agreement for the period 9 May 2020 to 8 May 2021 and emails with the letting agents regarding extending the rental for an additional month. These substantiate that Mr B remained in the rental property for an additional month.
- Mr B also provided a further copy of the quote for legal costs for the original purchase.

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 thank the parties for their response to my provisional decision. Mr B has evidenced some of the costs that I concluded BoS was liable and, where possible at this stage, I have confirmed what the exact payments should be below. However, Mr B will need to provide BoS with further evidence if he still wants to claim for the cost of journeys for viewings and the hotel stay in July 2021.

Mr B also provided costs for van rental and confirmed that it took three journeys at each end to move his contents. The total of the van rental was a little over £500. As I said in my provisional decision, Mr B had confirmed that the cost of the professional removals he had booked (and had paid a 10% deposit for) was £3,000. As the total of the van rental, fuel and the lost deposit will be significantly less than that cost, I remain satisfied Mr B didn't suffer a loss in this regard and BoS doesn't need to reimburse him for any of these items.

I have noted Mr B's further comments about his living arrangements following moving out of rental accommodation. This differs somewhat from his earlier accounts and he hasn't evidenced that he actually incurred a cost. As such, I remain satisfied that BoS doesn't need to make a payment in this regard.

Putting things right

BoS should pay Mr B the following costs incurred due to the failed house purchase in May 2021:

- Legal costs associated with the failed purchase. Mr B has evidenced that he paid a deposit of £180 and that the total cost was anticipated to be £1,069. However, as I said in my provisional decision, given the additional work the problems with the purchase caused, it is possible the actual costs differed from the quote. As such, Mr B should forward to BoS the final invoice for the work actually done.
- The valuation fee of £200.
- Storage costs of £1,055.84.
- The capital element of the first payment that Mr B would have paid on the original mortgage had it completed in May 2021.
- If Mr B provides BoS with evidence of viewings and confirmation of his address post-8 June 2021, it should pay reasonable fuel costs for the journeys.
- If Mr B provides BoS with evidence that the hotel visit at the end of July 2021 was for the purpose of viewing properties, BoS should also refund that cost, excluding the hospitality costs.
- £1,250 compensation for the upset and inconvenience the errors made by BoS caused.

My final decision

My decision is that I uphold this complaint in part. I require Bank of Scotland plc to settle the complaint as detailed above in 'putting things right'.

Under the rules of the Financial Ombudsman Service, I am required to ask Mr B to accept or reject my decision before 19 July 2022.

Derry Baxter
Ombudsman