

## **The complaint**

Mr P complains The Mortgage Works (UK) plc (TMW) refused his further mortgage advance, based on an inaccurate property valuation.

## **What happened**

Mr P says he approached TMW in April 2021 to obtain a further advance on his buy to let mortgage (BTL) to pay for legal costs he had incurred. Mr P says TMW instructed a valuation to be carried out but following the valuation report, TMW effectively valued his property at zero and informed him a structural survey needed to be carried out at his expense and noted commercial activity being carried out on the property.

Mr P says there was no commercial activity being carried out at the property and his tenants felt the valuer had been rude during his visit and there was no evidence to support the property was subject to any subsidence, that required further investigation by a structural engineer at a cost of £1,200.

Mr P says TMW's actions have reduced the value of his property, meaning he was unable to obtain finance on it, resulting in him having to borrow elsewhere at much higher interest rates. Mr P says personal internet searches were also carried out at the time of the property valuation, which he is unhappy about. Mr P says TMW have relied on inaccuracies in the original valuation report, which has severely affected the valuation of his property and caused him a great amount of stress and worry. Mr P says he wants TMW to write off his BTL and compensate him for the trouble and upset this has caused and refund the structural engineers report costs he incurred.

TMW says the surveyor denies any of the allegations of rudeness during his inspection of the property and it had acted fairly when asking for a structural engineers report (SER) based on the comments the surveyor made. TMW says the surveyor had noted commercial activity taking place in the rear garden of the property and its own searches had shown a business had operated from that address, which was further evidenced in the SER. TMW didn't feel it had done anything wrong here.

Mr P wasn't happy with TMW's response and referred the matter to this service.

The investigator looked at all the available information and upheld the complaint. The investigator felt TMW had acted reasonably when it had relied on the surveyor's expertise to assess Mr P's property value and investigate any concerns it may have highlighted, including any structural movement detailed in the valuation report. The investigator says TMW had the right not to provide any further mortgage advance, following such a valuation being carried out. The investigator also felt TMW had acted correctly when it assessed if the property was being used for commercial activity, as that was outside the mortgage terms and conditions. The investigator says TMW correctly investigated the complaint about the surveyor.

The investigator did however feel TMW had no need to ask Mr P to instruct a SER as it already knew before then it was not going to provide the additional mortgage advance, as

the property in its opinion was being used for commercial activity, outside the mortgage terms and conditions. The investigator requested TMW to refund the SER costs of £1,200 plus 8% simple interest from the date it was paid by Mr P and a further £250 for the trouble and upset this matter had caused.

Mr P wasn't happy with the investigator's view and asked for the matter to be referred to an ombudsman for a final decision.

### **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.

Having done so, I will be upholding part of Mr P's complaint and I will explain how I have come to my decision.

I can understand it would have been upsetting and frustrating for Mr P to discover his request for a further advance on his BTL, had been declined and his property valued at zero in the valuation report, when he believed it was inaccurate. When looking at this complaint I will consider if TMW were right to rely on the valuation report it had instructed and whether a SER was necessary.

Mr P's main complaint centres around the inaccuracies of the valuation report TMW had instructed, in particular its comment on potential structural issues, the property being used for commercial use and the fact TMW have effectively reduced his property's value considerably by stating, it had no market value.

The first thing to say is it's not for me to decide whether or not the valuation report is accurate or not, as that is outside the scope of this service. What I can say is TMW have appointed a fully qualified surveyor to carry out that report and it isn't unreasonable, having done so, to rely on any findings raised within the report and take reasonable steps to investigate any issues raised in it.

I can see that Mr P feels strongly about what was contained in the valuation report and specifically, the use of the property for commercial use. I am satisfied TMW would be entitled to make relevant searches to understand this more, but I have seen no evidence to suggest intrusive personal searches were undertaken by them, only that it had established a business had been registered at that address. With that in mind as TMW had reason to believe commercial activity was being carried out on the property, outside its lending policy, it was entitled to make the decision it did.

Mr P says his tenants claimed the surveyor was rude when he visited the property and that was an indication the surveyor was already in a poor mood, before making his valuation report. While it has been suggested there might have been language difficulties causing some communication issues, I can see that TMW have investigated this and the allegation has been strongly denied by the surveyor, so I can't say TMW have ignored this point and I can't realistically ask them to do anymore.

As far as the zero-valuation placed on the property is concerned, which I can see would have been upsetting for Mr P, although he may not agree that doesn't mean it has no value. It's more that for the purposes of TMW's own mortgage purposes, it can't be relied on for further borrowing, as the commercial activity is outside its lending policy and therefore is unacceptable security.

That's not to say another lender would take the same view and it's fair to say it's not

uncommon for zero values to be put on properties by appointed surveyors, when it doesn't meet the criteria of that lender's policy or terms and conditions.

It's also reasonable of TMW to act upon any issues raised in the report regarding any potential structural issues, if it feels that may affect its security and I'm satisfied that's what happened here. Where I do have an issue is that TMW already knew before asking Mr P for an expensive SER to be carried out, it wasn't going to provide the funding, as it already had concerns about the commercial activity at the property. Although Mr P says he knows of no commercial activity on his property, it isn't unreasonable for TMW having been told by the valuer there was, for it to then act upon that information and to carry out further enquiries.

As I said earlier, it's not the role of this service to discuss the merits of an individual valuation report carried out by a professional surveying practice, as that is not a regulated business, so if Mr P remains unhappy he should contact the regulator of that business.

So here, I support the investigator's view that given TMW had already decided it couldn't provide the extra funding before asking for an SER, those costs should be reimbursed from the date Mr P paid them along with 8% simple interest. In addition, TMW should pay Mr P £250 for the trouble and upset this has caused. Mr P should provide TMW with details of when he paid the £1,200 SER fee, so it can calculate the 8% simple interest from that date.

While Mr P will be disappointed with my decision, I am satisfied this is a fair outcome.

### **Putting things right**

I instruct The Mortgage Works (UK) plc to refund the £1,200 SER fee Mr P paid, along with 8% simple interest from the date he paid it. In addition, it should pay Mr P £250 for the trouble and upset caused.

### **My final decision**

My final decision is that I uphold this complaint.

I instruct The Mortgage Works (UK) plc to refund the £1,200 SER fee Mr P paid, along with 8% simple interest from the date he paid it. In addition, it should pay Mr P £250 for the trouble and upset caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 25 July 2022.

Barry White  
**Ombudsman**