

The complaint

Mr and Mrs C complain about the property valuation that was carried out after they applied for a lifetime mortgage with Pure Retirement Limited (“Pure Retirement”).

What happened

Mr and Mrs C applied for a lifetime mortgage with Pure Retirement in 2021. Their application was declined because Pure Retirement said their property was an ex-park home, amongst other things. Pure Retirement took that decision after the surveyor that carried out the valuation of the property said the property was an ex-park home.

Mr and Mrs C say the valuation report is inaccurate as their property was never a park home. They say there have never been any park homes on their estate; that they previously had a mortgage on the property (something they wouldn't have got if the property had been a park home) and that other people on their estate have mortgages that would be unavailable to park homes. Mr and Mrs C have also provided documentation from their local council that suggests it doesn't think the property is a park home. They've also provided a copy of another valuation (also from 2021) carried out by a third party on their property. That doesn't say that Mr and Mrs C's property was a park home.

Mr and Mrs C think that the surveyor that carried out the valuation for Pure Retirement was young, inexperienced, and made a mistake.

Pure Retirement said it hadn't done anything wrong. It said the surveyor it instructed was suitably qualified and registered with the Royal Institute of Chartered Surveyors. It said it queried the report with the surveyor after Mr and Mrs C complained. However it remained of the opinion that the property was not suitable for lending purposes due to the report of a conversion taking place in around 1960 altering the property from a park home to a bungalow.

Mr and Mrs C remained unhappy so they complained to the Financial Ombudsman Service.

Our investigator looked into the matter. She didn't think Pure Retirement had done anything wrong. She said she reviewed the valuation report carried out for Pure Retirement and the valuation carried out for a different lender. She said she could see that the valuation carried out for Pure Retirement was carried out by independent surveyors so she thought it was entitled to rely on it. She could also see that it was against Pure Retirement's lending policy to lend money on a park home.

Mr and Mrs C remained unhappy and asked for their complaint to be reviewed by an ombudsman, so it 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.

Having done so, I've reached the same conclusion as our investigator. I'll explain why.

Mr and Mrs C are adamant that their property isn't a park home. So they think Pure Retirement was wrong to decline their application for a lifetime mortgage on the basis that it was.

I appreciate Mr and Mrs C's position and the evidence they've provided to support what they say. However, I think it's helpful for me to start by saying that it's up to Pure Retirement to set its own lending policy. It's allowed to use its commercial judgement to put in place a policy in relation to mortgages which reflects its regulatory obligations and its attitude to risk.

Where a complaint is about the exercise by a lender of its commercial judgement (as it is here) my role is to decide whether that judgement has been exercised fairly and reasonably; it isn't to substitute my own judgement for that of Pure Retirement. In other words, I have to decide if Pure Retirement took into account all relevant factors and gave proper consideration to them before reaching its decision. It is only if I thought no lender could reasonably have made the decisions Pure Retirement made in this case that there would be any basis for intervention on my part. The Financial Ombudsman Service has no power to set lending policy for Pure Retirement.

Having considered all the available evidence I'm satisfied that Pure Retirement considered Mr and Mrs C's application for a lifetime mortgage fairly and reasonably. It got professional advice from a qualified surveyor as I would expect it to do. As a result of that advice it had concerns about lending to Mr and Mrs C. The surveyor thought the property was of an unusual construction because it had been altered from a park home to a bungalow in the 1960s. The surveyor's report also mentioned a number of other points and says that the property had a 100% flat roof – something that was also against Pure Retirement's lending policy.

As Mr and Mrs C didn't agree with the surveyor's conclusions, I'd expect Pure Retirement to put their objections to the surveyor for further consideration. It did that, and the surveyor didn't change his mind. In those circumstances, I'm satisfied it was reasonable for Pure Retirement to rely on the professional opinion of the qualified surveyor that this property wasn't suitable security for Pure Retirement.

Pure Retirement has provided a copy of its lending policy. That's clear that Pure Retirement can choose not to lend on a property that is of an unusual construction and in cases where the relevant surveyor has raised concerns about lending. I can see that happened here. So I'm satisfied Pure Retirement was entitled to take the commercial decision it did not to lend to Mr and Mrs C. I don't think it's relevant that they've had other lending on this property in the past, or that their neighbours have been able to get mortgages. Each lender sets its own criteria and relies on the opinion of its own surveyor. Even if another lender reached a different decision, that doesn't mean Pure Retirement's decision was unreasonable.

I think it would have been helpful if Pure Retirement's final response said more about all the reasons why Pure Retirement decided not to lend. If it had done that I think Mr and Mrs C would have been in a position to understand Pure Retirement's decision better and not be left with the feeling that a mistake had been made. But taking the matter as a whole, I can't say that Pure Retirement made a mistake when it decided not to give Mr and Mrs C a lifetime mortgage.

My final decision

For the reasons set out above, my final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C and Mrs C to accept or reject my decision before 19 January 2023.

Laura Forster
Ombudsman