

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

The complaint

This complaint's about a further advance that Miss O applied for on the buy-to-let (BTL) mortgage she holds with The Mortgage Works (UK) Plc (TMW). There are several strands to the complaint, which I've summarised below, in my own words.

- TMW initially told Miss O it wouldn't lend for debt consolidation at all, which wasn't true.
- After she found out it could lend for debt consolidation if she applied through a broker, the application she then made was refused.
- TMW froze access to her mortgage account in the mistaken belief she had converted the mortgaged property to a house of multiple occupation (HMO). After she provided evidence this was not the case, TMW delayed unfreezing the account access and failed to communicate with her in a timely fashion.

Miss O has raised concerns about the valuation carried out on the mortgaged property before she bought it; she thinks the valuer missed a defect that has cost her a lot of money to put right. This was raised after TMW had issued its final response referring Miss O to our service. Accordingly, we've set that up as a separate complaint and asked TMW to look into it first.

If Miss O isn't happy with how TMW deals with that separate complaint, she can let us know, and we'll look into it.

For the avoidance of doubt, my decision here does not cover the valuation issue in any way; it is confined to three bullet points listed above.

What I've decided – and why

The broad circumstances of this complaint are known to Miss O and TMW. I'm also aware that the investigator issued a comprehensive response to the complaint, which has been shared with all parties, and so I don't need to repeat the details here.

Our decisions are published, and it's important that I don't include any information that might result in Miss O being identified. Instead I'll focus on giving the reasons for my decision. If I don't mention something, it won't be because I've ignored it. It'll be because I didn't think it was material to the outcome of the complaint.

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Where the evidence is incomplete and/or contradictory, I'm required to reach my decision on the basis of what I consider is most likely to have happened, on the balance of probabilities. That's broadly the same test used by the courts in civil cases.

It seems to me that the real crux of the complaint is TMW's decision not to grant the further advance Miss O wanted. I appreciate how disappointing that must have been for her, and her sense of frustration will only have been made worse by the various shortcomings in what TMW told her (and occasionally didn't tell her). I'll deal with the communication aspects shortly, but as far as the lending decision is

concerned, it's important to keep in mind that no one is entitled to borrow money.

Even where someone has borrowed before, whether or not further borrowing will be granted is a matter for the lender's commercial judgement. It's accepted that TMW will lend for debt consolidation purposes (as I've said, I'll deal separately with the incorrect information it gave about this initially) but that doesn't mean every application for debt consolidation lending will be approved. Each application is assessed according to its individual circumstances, and by reference to TMW's lending criteria, which are commercially sensitive. Here, TMW has said that it was concerned about the amount of existing debt exposure involved, and took the view that Miss O's application didn't meet its appetite for risk. That's a legitimate exercise of commercial judgement, and not one that I consider it would be appropriate for me to second-guess or otherwise interfere with.

TMW's failure in Miss O's case was all about communication and customer service. Firstly, it shouldn't have told her that it didn't lend at all for debt consolidation purposes. Secondly, it was slow and unresponsive in dealing with the query about the mortgaged property having allegedly become an HMO, after Miss O provided evidence to the contrary. That said, I don't find it at all likely that it fabricated a reply to Miss O on this point after the event.

None of this changed the overall outcome, which was that Miss O was refused a further advance for what I'm persuaded was legitimate reasons consistent with TMW's lending policy. But it took far longer to reach that stage than it should have, and Miss O was put to a degree of time, trouble and upset by the poor service and communication. That said, in all the circumstances, I find TMW's offer of £125 compensation to be broadly fair.

Miss O has told us she never cashed the cheque she received, and it will now be out of date in any event. Accordingly, a fair outcome to this complaint is for TMW to issue a fresh payment to Miss O for the same amount, assuming of course that she accepts my final decision.

I said at the outset that I wouldn't be commenting on every single point, and I haven't. I have, as I said I would, confined myself to those matters that I consider have a material effect on the outcome. I can see from her submissions how important this is to Miss O. That's a natural reaction, and entirely understandable when you're as close to a situation as she has been here. This is very much a subjective area; everyone reacts to and perceives things differently, especially "in the moment", when subject to the stresses that are inherent in a financial transaction.

But I have a different remit. I have to be objective, and impartial, and sometimes that means stepping back from the fine detail, taking an overview and deciding what is fair, reasonable and pragmatic in all the overall circumstances of the case. It also means that I'm not required to provide answers to every specific question that comes up if I don't consider doing so will affect the overall outcome.

My final decision

The Mortgage Works (UK) Plc has agreed to pay Miss O £125, and I think that is fair in all the circumstances. Accordingly, my final decision is that The Mortgage Works (UK) Plc should pay Miss O £125 in full and final settlement.

My final decision concludes this service's consideration of this complaint, which means I'll not be engaging in any further consideration or discussion of the merits of it.

Under the rules of the Financial Ombudsman Service,

I'm required to ask Miss O to accept or reject my decision before 1 August 2023.

Jeff Parrington
Ombudsman