

## The complaint

This complaint's about a term extension that Mr T applied for on the buy-to-let (BTL) mortgage he holds with The Mortgage Works (UK) Plc (TMW). Mr T is unhappy at how long TMW took to consider the application, which was eventually turned down. He's told us that if TMW had dealt with the application sooner, his broker could have obtained a mortgage with another lender at a lower interest rate than those that are available now.

## What happened

The broad circumstances of this complaint are known to Mr T 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 Mr T being identified. Instead I'll provide a brief summary and then 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.

Mr T took the BTL out in 2008 on the advice of a third part intermediary. The mortgage was for £251,000 plus fees, secured on a property valued at £335,000. It was repayable on an interest-only basis, with an 18-year term, meaning it was due to end in 2026.

In July 2022, Mr T enquired about extending the mortgage term to June 2032. He paid the fee to apply in October 2022. Mr T wanted a new rate on the mortgage as well, but says he was told the term extension needed to be sorted out first. TMW refused the term extension saying the mortgaged property didn't have a valid energy performance certificate (EPC). Mr T provided this and then a further three months passed before TMW instructed a valuer to carry out a new valuation.

Mr T had complained in the meantime about how long things was taking, for which TMW had apologised and paid him £150 on 13 April 2023. Meanwhile, TMW had written to Mr T on 28 March 2023 refusing the term extension due to the mortgaged property being valued at £285,000. The letter gave Mr T the option to reduce his mortgage balance to around £103,000 to meet TMW's criteria for a term extension. Unfortunately this letter hadn't reached Mr T, and TMW wasn't aware of this when it replied to his initial complaint on 13 April 2023. When Mr T continued to press the business, TMW wrote him again on 19 May 2023, telling him about the lending decision from March 2023 and paying him a further £100.

Mr T had asked us to look into his complaint, and whilst we were doing so, he emailed us in July 2023 to say TMW had made a third apology and paid him another £100, making £350 in all. Our investigator was persuaded this was sufficient; she thought TMW should pay Mr T a further £150, making £500 in all, given the number of mistakes and delays on TMW's part, and the effect they had on Mr T.

But she wasn't persuaded the lending decision was wrong, or that TMW should compensate Mr T for not being able to get a lower interest rate in the meantime. She couldn't assume

Mr T would have secured a mortgage with another lender on a better rate, or that he wouldn't still be asked to make the lump sum reduction in his borrowing in order to do so. TMW accepted the investigator's findings; Mr T asked for the case to be reviewed by an ombudsman.

### **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.

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 term extension Mr T wanted. I appreciate how disappointing that must have been for him, and his sense of frustration will only have been made worse by how long it took to reach its decision and inform him of it. Of course, TMW couldn't be held responsible for the 28 March 2023 letter not reaching Mr T, but that aside, I'll deal with the communication aspects shortly. As far as the lending decision is concerned, it's important to keep in mind that no one is entitled to more time to repay money they've borrowed.

Even where someone has borrowed before, whether or not a term extension will be granted is a matter for the lender's commercial judgement. Here, TMW's decision was down the mortgaged property having fallen in value since 2008. 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. It's also hard to see the likelihood of a different lender providing the mortgage at the level Mr T needed, given the valuation.

TMW's failure in Mr T's case was all about communication and customer service. It took too long to get to the point where it could make a decision and inform Mr T of it. In fairness, TMW has accepted that.

None of this changed the overall outcome, which was that Mr T was refused a term extension for what I'm persuaded was a legitimate reason consistent with TMW's lending policy. But it took longer to reach that stage than it should have, and Mr T was put to a degree of time, trouble and upset by the poor service and communication. That said, in all the circumstances, I find the investigator's recommendation of a further £150, making £500 in total compensation, to be broadly fair.

It was Mr T's decision to prioritise extending the mortgage term over applying for a new rate in late 2022, when the general trend in rates was upwards. If he was concerned about how long it was taking, Mr T could have aborted the term extension (it doesn't seem like it was a high priority, given it still had a little under four years to run) and applied for a new two-year or even three-year fixed rate deal instead.

In an email dated 16 October 2023, he's told us he persisted with the term extension on the advice of his broker. That may or may not be true, but if it is and Mr T thinks that advice was wrong, it's something he'll need to take up with the broker. To be clear, I imply no criticism of the broker for giving that advice and none should be inferred. For completeness, I'll add that if Mr T were to complain to his broker about that advice, and wasn't happy with the response he received, we then wouldn't be able to look into that complaint. The provision of advice on BTL mortgages falls outside our jurisdiction as it not a regulated activity.

**My final decision**

My final decision is that I uphold this complaint in part by ordering the Mortgage Works (UK) Plc to pay Mr T £150 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 Mr T to accept or reject my decision before 4 March 2024.

Jeff Parrington

**Ombudsman**