

The complaint

Mr B and Ms D are unhappy with the valuation fee they were charged when they applied for a bridging loan from Charter Court Financial Services Limited trading as Precise Mortgages. They don't consider they were given enough information about the valuation fee and feel they were pressured into paying too high a fee as they needed the loan quickly.

In settlement of the complaint Mr B and Ms D want a refund of £2,180. This is based on the table of fees enclosed with the mortgage offer they were sent.

What happened

In the summer of 2022 Mr B and Ms D wanted to move home. As the sale and purchase were not synchronising, they needed bridging finance to enable them to complete their purchase before the sale of their existing property went through. Their independent mortgage broker recommended a bridging loan with Charter Court. An illustration for the recommended loan was produced on 26 July 2023. This detailed the valuation fee required as £6,350 for valuations of both the new property and the one they were selling, as both would be used for security.

They accepted the recommendation and applied for the loan. They paid the valuation fee on 8 August 2022. Charter Court has confirmed no questions were asked about the valuation fee before it was paid.

Subsequently the application was accepted. Mr B and Ms D were sent a mortgage offer on 23 August 2022, which enclosed a tariff of charges. From the information contained within the tariff of charges, they concluded they should only have been charged valuation fees totalling £4,170.

The tariff of charges said:

'Unless otherwise stated, this tariff is applicable to residential and buy to let mortgages and second charge loans made by Precise Mortgages.'

The purchase of the property did not complete and Mr B and Ms D didn't need the bridging loan.

Mr B and Ms D complained to Charter Court about the valuation fee.

Charter Court responded in a letter dated 30 January 2023. It explained that the information included with the mortgage offer pack about valuations related to standard buy-to-let and residential mortgages, not bridging loans, which was confirmed in the document. As Mr B and Ms D had applied for bridging finance, not a traditional mortgage, the charges they were looking at did not apply to their application. It highlighted that it had been Mr B and Ms D's broker's responsibility to tell them what the fees and charges associated with the application were. It said that due to the type of loan that had been recommended, it should have been explained they were applying for a specialist lending product and the fees for such products were more than for standard mortgages.

Charter Court explained the higher fee for bridging loans was due to the additional work it required a surveyor to do, due to the higher risk to the lender. Charter Court also confirmed that for properties with values of more than £1,000,000 the fees were calculated for the specific property after a decision in principle was issued. It didn't consider it did anything wrong but confirmed it would feed back to its marketing department about the documentation and the conclusions Mr B and Ms D had reached based on it. In relation to providing Mr B and Ms D with an invoice for the valuation fee, it said it didn't do this, but it could confirm in writing the amount that had been paid if they wanted it to.

Mr B and Ms D were not satisfied with the response and referred their complaint to the Financial Ombudsman Service. When they did so, they said they should have been given more information about the charges and what they related to.

Charter Court explained when it was told we would be looking at the complaint, that information available to Mr B and Ms D's broker confirmed that for properties valued over £1 million the broker would need to contact it for the valuation fee. It reiterated that it had not been contacted for information about the valuation fee, even after it was documented in the illustration, until after the valuations had been done.

One of our Investigators considered the complaint, but she didn't recommend that it be upheld. She considered the valuation costs had been clearly set out before Mr B and Ms D had paid them. She was also not persuaded Charter Court had made any errors in relation to what had been charged.

Mr B and Ms D didn't accept the Investigator's conclusions and asked for the complaint to be referred to an Ombudsman. Mr B and Ms D said they repeatedly asked for information or clarification about the charges, but they were not given any answers. They reiterated the booklet they received with the mortgage offer didn't reflect the fees they were charged, and they had not seen the information about fees, which the Investigator had referred to. They also clarified that the pressure they experienced was due to the 'take it or leave it' attitude of Charter Court. It made no efforts to answer their queries or explain its actions or procedures. Mr B and Ms D said they considered this obfuscation made them concerned and worried about Charter Court's integrity.

The Investigator responded to Mr B and Ms C's comments, but she was not persuaded to change her conclusions. Mr B and Ms D remained unhappy. They highlighted that there was no mention of bespoke valuation fees in the information they were given. As such, regardless of the valuation fee being detailed in the illustration and offer, they feel they were overcharged and misled by Charter Court. This was especially so as they had repeatedly asked for a breakdown of the charges and justification of the amount. They asked that the complaint be referred to an Ombudsman.

Subsequently, I asked that Mr B and Ms C be provided with a copy of the broker guide they'd asked to see following the Investigator referencing it in her view. They said that they thought the information about when desktop rather than physical valuations would be done was unclear. Given the values of the two properties, it might mean that they should not have been charged for any valuations, but at the very least only their existing property should have been valued. They reiterated their comments about both properties being required as security for the loan.

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 would initially comment that when an independent mortgage broker or financial adviser recommends borrowing secured on a property, it is their responsibility to ensure their customers understand what is being recommended and any costs associated with it. The lender will not usually be involved directly with a customer until the mortgage offer is issued, and even after that any contact would be very limited. As such, it was Mr B and Ms D's broker's responsibility to ensure they had any explanations or information they needed about the valuation fee before the application was submitted to Charter Court.

I note Mr B and Ms D's comments about the broker's guide, and it not being clear. I would highlight that this document was written to be used and understood by financial services professionals who would have a much higher understanding of such documents and lender's criteria. When reviewed in that context, I am not persuaded that the document is unclear, but even if it was, the broker would have had a responsibility to contact the lender and ensure it had the right understanding of the situation. Indeed, the fact that Mr B and Ms D's broker didn't question that physical valuations needed to be done on both properties, would indicate it understood Charter Court's requirements from the guidance it provided.

Mr B and Ms D have said they questioned the valuation fee before the application. They have not been clear about where they directed their questions, but given they have referenced responses from their broker, it would appear that this was where the questions were directed. If they didn't receive the information they wanted at that point, I can't find Charter Court responsible. This is especially so as it has confirmed that it received no questions from either Mr B and Ms D, or their broker before the application was submitted.

As for the information they were provided with, it is correct that they were given information with the offer that didn't apply to their loan. However, they should have been aware that they were not taking a standard residential mortgage or second charge loan, and so they should have understood from their broker's explanations that the tariff provided didn't apply to their bridging loan. The information available to the broker made it clear the valuation fee for properties over £1 million was not standard and had to be requested on a case-by-case basis. As such, Mr B and Ms D should have been aware of this.

Not that it affects the outcome of the complaint, but Mr B and Ms D have questioned why security was to be taken over both properties, given their existing property was worth far more than the amount of the bridging loan being applied for. A lender will assess the risk of providing borrowing. The risk associated with bridging loans is generally considered to be higher than a traditional mortgage as the interest is added to the loan balance, which means it can increase considerably over a relatively short period. This means a lender will often request additional security, especially where it is the full purchase price of a property that is being borrowed. A lender's risk assessment and resulting requirement for security, is not something that we would usually comment on or interfere with.

As for the amount of the valuation fee Mr B and Ms D were charged, I have seen nothing to indicate it was incorrect or that, other than an administration fee for each valuation, the money was not passed on to the surveyors. While Mr B and Ms D believe that Charter Court should have accepted the valuation they had done on the property being purchased, a lender will always commission its own valuation. The valuation completed for a lender will take into consideration a lender's criteria and assess whether a property is an acceptable risk, which would not be considerations made when Mr B and Ms D's survey was completed.

As for Mr B and Ms D not being provided with an invoice for the surveys, that is not something that would usually be provided. An invoice is usually produced by the provider of the service (the surveyor in this situation) to the party commissioning the service (the lender). While this cost is passed on to the borrower, they would not usually be provided with the type of documentation Mr B and Ms D wanted. However, Charter Court said it would

provide confirmation of payment to them and, although it was not provided immediately, this has now been done.

I know that Mr B and Ms D won't be satisfied with my conclusions, but I don't consider Charter Court did anything wrong.

My final decision

My final decision is that I do not uphold this complaint. Under the rules of the Financial Ombudsman Service, I am required to ask Mr B and Ms D to accept or reject my decision before 20 March 2024.

Derry Baxter
Ombudsman