

The complaint

Mr G complains that The Mortgage Works (UK) Plc required two properties as security for a buy-to-let mortgage.

What happened

Mr G owns two neighbouring flats. One he owns the freehold for, the other is leasehold. Mr G said he originally wanted to take a buy-to-let mortgage on the freehold flat. But TMW said it would not lend on freehold flats. So he asked for the mortgage to be against the leasehold flat instead. But TMW has insisted that it places a charge against both flats.

Mr G complains he has taken out many mortgage, but no other lender who was lending on one property but wanted two properties as security.

The investigator did not think the complaint should be upheld.

Mr G did not accept what the investigator said. He made a number of points, including:

- TMW initially said it can't lend on freehold flats.
- Following the valuation of the leasehold flat, the property was downvalued and the amount of borrowing reduced.
- TMW "slipped in" its demand for security on both properties. If they want both as security then it should lend more. TMW can't justify its lending policy.
- He could not proceed while he was disputing TMW's decision. He considers it is wrong and unreasonable and goes against the FCA's requirement to treat people fairly and equally.
- The decision was not fair.

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.

This was an unregulated buy-to-let mortgage. It was for TMW to decide how much to lend and the terms of any lending. I would not usually look to interfere in such lending decisions as long as it has made the decision fairly and reasonably.

In this case TMW where a borrower owns both the freehold of the block and the leasehold property it policy requires a charge over both titles. It is for TMW to decide what its lending policy is. This is a legitimate exercise of its commercial judgment. And I don't consider it has been applied unfairly in the circumstances here. It is not treating Mr G differently to other borrowers – it is treating him the same as other borrowers in the same circumstances.

Mr G made an application. After some back and forth, TMW issued an offer which set out the terms on which it was prepared to lend. That is in line with what I would expect. It was for Mr G to decide whether to proceed with that or not. But I can't see any error by TMW.

TMW has offered Mr G £100 for a delay in dealing with his complaint. He should contact it directly if he wants to accept that offer.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 3 April 2024.

Ken Rose
Ombudsman