

The complaint

Mr and Mrs T complain that they were asked to pay a valuation fee by Fleet Mortgages Ltd, when they were remortgaging their Buy To Let (“BTL”) property. They also complained about extra costs they faced as a result of delays this valuation caused.

What happened

Mr and Mrs T are supported in bringing this complaint by their representative, the broker who arranged this mortgage for them.

The broker told us that Mr and Mrs T already had a mortgage with Fleet for this BTL property, they just wanted to take out a new fixed interest rate deal. But due to a change in funder, Fleet required a full remortgage application. The broker said the mortgage illustration they received didn’t indicate that they would need to pay for a valuation, but Fleet then said that the property was worth much less than the broker had suggested. Although the broker provided evidence to support his valuation, Fleet said before it could go ahead with the new rate it would need a physical valuation, and Mr and Mrs T would have to pay for that.

The broker said Mr and Mrs T paid £245 for the valuation, but they also complained that there was no such cost mentioned in the illustration, and it didn’t seem fair to ask Mr and Mrs T to pay for this, when the problem seemed to be with Fleet’s online valuation system. The broker said when the valuation report was received, it supported what Mr and Mrs T had said previously about the property’s value.

The broker thought Mr and Mrs T should get this valuation fee back, and he said that this also caused a delay in the mortgage going through, meaning Mr and Mrs T had to pay the lender’s standard variable rate for a while. The broker said Fleet was putting up barriers to arranging the new deal.

Fleet said its mortgage illustration was clear that the list of charges there wasn’t exhaustive. It said it usually obtains two automated valuations, one each from two widely used online providers. But in this case, it was only able to obtain one of those valuations. And this suggested the property was worth considerably less than Mr and Mrs T had suggested. So it said it needed to request a physical valuation in this case, and Mr and Mrs T had to pay for this. Fleet said it had only charged them its cost for this, it hadn’t made any profit from this.

Fleet said it had checked twice for a valuation from the second online provider, but wasn’t able to obtain this. Although the broker sent a valuation from Fleet’s preferred provider, Fleet said it couldn’t use this, because it couldn’t verify the figures itself. The valuation that was then obtained did match the information the broker had offered, and an offer was issued.

Fleet said it has to make sure any properties it lends on do provide suitable security, and it had the right to request a physical valuation if it felt that was necessary. It wouldn’t pay back the valuation fee.

Fleet has, since then, drawn our service's attention to the following provision in its lending criteria, which were available online at the time of this lending – *“Only 1 free or discounted valuation per property. Any subsequent valuations will be charged in line with the standard fee scale.”* Fleet said Mr and Mrs T had already had one free valuation, when they took out a mortgage with it some years ago. So Fleet didn't think it had made a mistake by charging for this valuation now.

Our investigator didn't think Fleet had acted fairly. She said the full mortgage application wasn't submitted until just after the existing fixed rate had already expired, so Mr and Mrs T would always have had to pay the standard variable rate for a while. And she said that the need to carry out more detailed checks than is usual for a new fixed rate, was because of a change of funder at Fleet. She didn't think that was unreasonable.

Our investigator said it wasn't unreasonable for Fleet to ask for a physical valuation, when the information it obtained suggested the property was worth much less than Mr and Mrs T thought. But she said Fleet's online lending criteria suggested the valuation would be free.

Our investigator said Fleet had told our service there is only one free or discounted valuation per property and any subsequent valuations will be charged in line with the standard fee scale. And Mr and Mrs T had already taken up the offer of a free valuation with their previous Fleet mortgage. But she said these were separate applications carried out a number of years apart. She didn't think Mr and Mrs T should have been charged for this valuation, so she asked Fleet to pay that back, with interest.

Our investigator didn't think the valuation caused further delays, and she said an offer was issued in good time, so she didn't think Fleet had to pay more to cover delays in this case.

Mr and Mrs T agreed, but Fleet didn't. It was adamant that Mr and Mrs T were only entitled to one free valuation, and wanted to stress that there was no element of profit to Fleet in the cost it had asked them to pay. Quite the reverse, as Fleet had needed to arrange the valuation itself, and had made no charge for this extra administration.

Fleet repeated that it would usually rely on two automated valuations from online providers, but one of those providers didn't produce any result. That also meant Fleet wasn't able to verify the information the broker offered about the property. So the only verified information Fleet had, meant the lending Mr and Mrs T wanted couldn't be supported. Fleet felt it had no alternative but to request a full valuation, and it thought its criteria made clear that Mr and Mrs T would be charged for that.

Our investigator still didn't think that Fleet had been fair. She said Fleet hadn't explained why it had not been able to obtain a valuation from the second of its two online providers. Our investigator said it would have been fair and reasonable for Fleet to pursue this with that provider. The problem may have been with Fleet itself, or if it was with the provider, the provider may have been able to offer the same data in another form. Because Fleet hadn't done so, Mr and Mrs T needed to pay for the physical valuation.

Our investigator understood Fleet didn't benefit financially as a result of the valuation being carried out. But she said Fleet wasn't disadvantaged either, and Mr and Mrs T were.

Our investigator also said wording Fleet had shown our service, from Mr and Mrs T's earlier mortgage application, suggested Mr and Mrs T would only be asked to pay for a second valuation if their mortgage hadn't completed by the time the first valuation expired. So our investigator still thought that the first valuation for each application should be free. And she

noted that although Fleet said Mr and Mrs T were charged in line with its criteria, they weren't asked to pay the fee set out in those criteria.

Our investigator still thought Fleet should repay the valuation fee of £245 that Mr and Mrs T paid, with 8% simple interest from the date this was paid to the date of the refund.

Fleet wanted this complaint to be considered by an ombudsman, so it was passed to me for a final decision.

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've reached the same overall conclusion on this complaint as our investigator.

I think the key issue here, is that Fleet said it wouldn't have expected a full valuation to be necessary in this case. It only requested that, because it couldn't see that the property was worth as much as Mr and Mrs T had said. And it does appear from the evidence that the broker sent to Fleet at the time, as if the only reason Fleet wasn't able to confirm those figures, was because it wasn't able to access one of the two online providers of automated valuations that it usually relies on.

Because the broker appears to have been able to provide an automated valuation from the same provider, at about the same time as Fleet said it was unable to source such a valuation, I think it's more likely the problem was with Fleet, than with the online provider.

So it also seems likely that this problem could have been resolved by Fleet. If it had been resolved, then it also seems likely that the figures received would have supported the application (because the figures provided by the broker, from the system, did support the application). And that in turn would have meant Mr and Mrs T wouldn't need to pay for a physical valuation.

I understand that, by asking for a physical valuation, Fleet in fact made more work for itself. And I understand Fleet didn't profit in any way at all from the valuation fee it asked Mr and Mrs T to pay. But it does appear as if Fleet encountered a problem with a valuation system it uses regularly, and rather than solve this, it preferred a solution which cost Mr and Mrs T more money.

I also note that the provisions Fleet has pointed to in its lending criteria do not appear to me to set out clearly that where a customer has already had one free valuation, for a different mortgage offer, any future physical valuation required as part of a different offer, will be charged.

I don't think it was unreasonable for Fleet to decide to commission a physical valuation in this case. As it had doubts about the worth of the property, it was reasonable for Fleet to ask an expert to resolve those doubts. I just don't think asking Mr and Mrs T to pay for that valuation was fair in this case. So I also think that Fleet should repay the amount of £245 which Mr and Mrs T paid as a valuation fee, with 8% simple interest from the date this was paid to the date of the refund.

Mr and Mrs T also complained that the valuation request caused delays. But I've said I don't think asking for the valuation was wrong. And I do think Fleet acted promptly, in arranging this mortgage offer for Mr and Mrs T. I also have to take into account that it does appear,

from the timing of this application, as if Mr and Mrs T would always have needed to pay the standard variable rate for some time. For those reasons, I don't think Fleet has to cover the additional costs of the standard variable rate Mr and Mrs T paid while this new mortgage deal was being put in place for them.

My final decision

My final decision is that Fleet Mortgages Ltd should repay the amount of £245 which Mr and Mrs T paid as a valuation fee, with 8% simple interest from the date this was paid to the date of the refund.

HM Revenue and Customs requires Fleet Mortgages Ltd to take off tax from this interest. Fleet Mortgages Ltd must give Mr and Mrs T a certificate showing how much tax it's taken off if they ask for one.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs T and Mr T to accept or reject my decision before 17 July 2024.

Esther Absalom-Gough

Ombudsman