

## **The complaint**

S – a limited company - complains about two mortgage applications it made with Fleet Mortgages Ltd. It is unhappy with how the applications have been handled and the mis-information it was given.

## **What happened**

There are two properties in question here, Flat 1 and Flat 2. S wanted to purchase Flat 1 in conjunction with the purchase of Flat 2 – so that it could own the whole property.

In April 2023, S made two separate applications to purchase Flat 1 and Flat 2. When the valuation had been carried out on Flat 2, the valuer said that there may be failing wall ties and that a report was recommended to review these. The valuer recommended a £2,000 retention on the property which Fleet Mortgages chose not to impose as it was a low amount. The valuer also said that the party wall to the loft wasn't built up and required fixing.

A re-inspection report was carried out in May 2023 which said that a report regarding the wall ties still hadn't been obtained but the party wall had been completed to a satisfactory standard. A mortgage offer was produced on 1 June 2023 which had a special condition on it regarding the wall ties.

Fleet Mortgages were then notified by the solicitor that the property is a Tyneside Lease arrangement – which is an arrangement where the leaseholder of each flat is also the landlord of the other flat.

On 22 June 2023, Fleet Mortgages received information for the work that had been carried out on the wall ties and they sent this to the valuer for their comments. The valuer responded and said that the property had been inspected by a roofer and general building contractor but due to the potential ongoing issues that failed wall ties pose, they wanted the inspection to be carried out by a cavity wall tie specialist. They didn't deem the report from the roofer to be satisfactory.

On 30 June 2023, a 10-year cavity wall tie guarantee was received for the works completed and the mortgage for Flat 2 completed on 11 July 2023.

Flat 1 however, didn't proceed. A valuation was conducted in May 2023 and the property was valued at £47,000. Fleet mortgages said their minimum criteria for lending is £50,000. A valuation appeal was carried out and comparables were sent to the valuer but they didn't change their mind.

S' broker informed Fleet Mortgages that it was looking to appeal the valuation and if the appeal was to be rejected, they would go to another lender. Fleet Mortgages were notified by the solicitor that S said it wasn't going to purchase Flat 1 so the application was cancelled.

S wasn't happy with how Fleet Mortgages dealt with both applications and it says they didn't make things clear from the start and gave it mis-information. It believes that Fleet Mortgages have wasted its time and money.

Fleet Mortgages acknowledged that they could have made things clearer regarding the cavity wall ties but they said it was a condition on the mortgage offer, but they accepted that they failed to deliver a clear message with regards to what work was needed to complete Flat 2. They offered S £200 in recognition of this.

S brought the complaint to the Financial Ombudsman Service where it was looked at by one of our investigators. The investigator thought that there were some case handling issues by Fleet Mortgages but ultimately didn't think that those delays were significant to the completion of the mortgage. He thought that the £200 offered by Fleet Mortgages was sufficient.

S didn't agree. It said that Fleet Mortgages had given many contradicting messages and have not been penalised for this. It also said that the vendor was due to pay £200 towards the cost of the party wall in the loft and then S was going to pay them for the council tax as the difference between the two was minimal. S said it is out of pocket because of this.

S also said that Fleet Mortgages said it wasn't able to purchase Flat 1 even as a cash buyer and it was never told this at the start. It said the valuer has a 'horrendous' reputation and it has lost money and wasted time because of Fleet Mortgages.

As S disagreed with the investigator, it asked for the case to be reviewed by an ombudsman, so it's been passed to me to decide.

### **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 understand that S feels very strongly about its complaint, but the first thing to point out here is that we are not the regulator, that's the role of the Financial Conduct Authority (FCA). Therefore we don't look to punish a business, but our role is to look at what is fair and reasonable in the circumstances of the complaint.

Having looked at everything very carefully, I have come to the same conclusion as our investigator, and I'll explain why.

#### ***Flat 1***

I've firstly looked at what has happened with the purchase of Flat 1. S wanted to purchase Flat 1 in conjunction with its purchase of Flat 2 as it wanted to own the whole property.

S say that Fleet Mortgages didn't tell them there would be an issue with purchasing both flats at the same time. And that during the later stages of both applications, it was told that this wouldn't be possible.

Having looked at everything, there were some issues surrounding the ownership of the property and legal implications which seemed to only become apparent with the Flat 2 application. However, the property got declined because it was valued at £47,000 and this was outside of Fleet Mortgages lending criteria as their minimum lending criteria was £50,000.

S appealed the valuation and comparable properties were submitted to the valuer, but they didn't change their mind on the value.

Fleet Mortgages is entitled to rely on the information and advice by the valuer as they are not experts in this field. What we expect to see is that lenders, like Fleet Mortgages instruct a fully qualified surveyor which they did. The valuation was carried out by a member of the Royal Institution of Chartered Surveyors ("RICS").

I'm therefore satisfied that Fleet Mortgages declined this application fairly as it wasn't in line with their lending criteria so I can't say that they have done anything wrong here.

#### ***Flat 2***

Fleet Mortgages have already acknowledged that they could have made things clearer for S regarding what was required for the works that needed to be completed. They apologised for

this and offered £200 in recognition of this. Having looked at everything, I think that this offer is fair, and I'll explain why.

An initial valuation was carried out on 26 April 2023 and this report highlighted a couple of issues. One was in relation to a cavity wall tie and the other was to do with the party wall in the loft.

The valuation, under specialist reports needed specifically said:

*Obtain a report from a specialist on the condition of the wall ties in all exterior cavity walls. Undertake recommended remedial work and supply a long-term guarantee.*

And under essential repairs required it said:

*Complete the party walling in the roof space to prevent fire spread.*

The report highlighted what work needed to be done to the wall ties in the brickwork and S said they contacted their broker to find out if it was a recommendation or a requirement. S said their broker checked with Fleet Mortgages and was told it was just a recommendation, however the valuer recommended £2,000 should be held back from the mortgage. Fleet Mortgages chose not to proceed with that recommendation as the amount that would have been held back was low.

The email from Fleet Mortgages to the broker clarifying the issue with the cavity wall ties said:

*'The valuer has advised there may be failing wall ties and a report is recommended to review these and any repairs undertaken and backed by a PCA registered wall tie specialist.*

*The valuer has only imposed a £2,000 retention, which Fleet will not impose due to the low amount.*

*However, he has also mentioned that the party wall in the loft is not built up and this requires fixing. This is a health and safety issue (Party wall helps slow the progress of fire to additional houses in the terrace). This warrants a full retention pending completion and re-inspection at cost to the client. If this is not built up it could invalidate any buildings insurance.'*

I think having looked at the valuation report, it was clear that a specialist report was needed, and it wasn't in fact a recommendation. But Fleet Mortgages email to the broker suggested that it was just a recommendation, which we know wasn't right. S argue that the delays were because Fleet Mortgages didn't make this clear from the outset that a specialist report was required.

Work was done on the loft party wall and a re-inspection of the property was carried out on 22 May 2023. The report confirmed that the work to the party wall had been carried out but it said that no works had been done to the wall ties. A retention was held for £1,500. Fleet Mortgages issued a mortgage offer on 1 June 2023.

One of the special conditions on the mortgage offer was about the cavity wall tie. It said:

*It is a condition that prior to completion of this advance a report and estimate in respect of any issues with the cavity wall ties in the mortgage property from a specialist firm has been received by us which satisfies our requirements. Any report may be referred to the valuer for their comments before proceeding with the mortgage advance. You must ensure that any recommended works are carried out, promptly as soon as practicable following receipt of the report. You must notify us when the works have been completed so that a re-inspection can be arranged if necessary. A copy of any warranties, guarantees or certificates must be provided to us promptly. Please note we may hold back monies from the advance by way of a retention following receipt of the specialist's report, until we have received confirmation from our valuer that the work has been carried out to our satisfaction.*

S' solicitor contacted Fleet Mortgages on 12 June 2023 and requested clarity around the cavity wall tie. Fleet Mortgages responded on the same day and it's at this point that they said they did require a report on the cavity wall tie issue but they were happy to accept a report from S' builder. This was provided to Fleet Mortgages around 22 June 2023.

This was sent to the valuer and they responded on 26 June 2023 to say that they needed a specialist to carry out the cavity wall tie inspection. But by 3 July 2023, Fleet Mortgages decided to accept the report that was provided to them by S' builder with an attached guarantee, and the mortgage completed on 11 July 2023.

I think that having looked at the evidence provided, Fleet Mortgages could have made it clear in their email to S' broker when they queried whether the work that needed to be carried out to the cavity wall tie was a recommendation or requirement. However, they did provide the broker a checklist on 2 May 2023 which confirmed that the work to the cavity wall ties was recommended that it was carried out by a specialist. The wording in this checklist was the same as to what was on the mortgage offer.

S is adamant that since the 2 May 2023, it was given contradictory information that the work to be carried out wasn't mandatory. But having looked at the email chains that S has provided, I can't agree this is the case.

I don't think there is any doubt here that there has been some confusion as to what needed to be carried out and it seems that based on the email that Fleet Mortgages sent to S' broker, that the work to be carried out was only a recommendation. But the checklist that was sent to the broker confirmed the work needed to be carried out by a cavity wall tie specialist and the mortgage offer made it clear there was a condition on the mortgage that this work needed to be done.

There was also some confusion surrounding the reports that would be accepted as Fleet Mortgages said they would accept the builders report, but the valuer said they wanted a specialist report to be done.

As I said above, S solicitor queried the work that needed to be done to the cavity wall tie as this was a condition of the mortgage offer, and Fleet Mortgages responded on the same day. A further email was sent by the solicitor on 13 June 2023 asking Fleet Mortgages if S' own builder would be able to submit a report and Fleet Mortgages said this would be sufficient.

The report from the builder was sent to Fleet Mortgages on 16 June 2023 and Fleet Mortgages responded on 19 June 2023 as there was some information missing from the report. This information was sent back to Fleet Mortgages on 22 June 2023 and this information was then sent to the valuer for their comments on 26 June 2023.

It was at this point that the valuer said a cavity wall tie specialist had to carry out the inspection and provide a report. But Fleet Mortgages made an exception to accept the builders report providing a guarantee of the work having been completed.

I do understand that this would have been frustrating for S as Fleet Mortgages said they would accept the builders report but then the valuer said they wanted a specialist report. But Fleet Mortgages still made an exception to accept the builders report as they originally said they would, and I can't say that things were delayed because of this.

I therefore don't agree that any initial information provided by Fleet Mortgages caused a delay as it's evident that at this point, S were still trying to purchase Flat 1 and there were issues surrounding the leasehold title which hadn't been resolved yet.

S' solicitor confirmed to Fleet Mortgages that the purchase of Flat 1 wasn't going ahead on 7 July 2023 which shortly after this point, the mortgage for Flat 2 completed. So even if there were some delays, I can't hold Fleet Mortgages responsible for the overall time taken as there were other issues that needed to be resolved.

I don't think that any mis-information has resulted in delays that have meant that the mortgage completion was put back because of this. The mortgage application was on 13 April 2023 and the mortgage completed on 11 July 2023. This timescale is not unreasonable based on the average time taken from application to completion, even taking into account the work that needed to be done.

So based on this, I think the amount offered by Fleet Mortgages of £200 for not making things as clear as they could have, is fair based on the circumstances of this case. So I won't be asking them to compensate S any further.

#### *Financial loss*

S isn't happy that it had to pay for the re-inspection cost to have Flat 2 revalued. Because of the issues that were highlighted in the first valuation, a re-inspection was always going to be needed to confirm that the necessary work had been completed. I don't think it was unreasonable of Fleet Mortgages to charge the re-inspection fee as they needed to check that the work had been done to the loft party wall. I haven't seen anything that would imply that this charge was applied unfairly.

S has also mentioned that it had to make a payment to the vendor of Flat 2 to cover the council tax on the property. S said that was agreed to keep the vendor happy in light of the delay which had been caused due to the conveyancing process.

S has confirmed that this arrangement was a private arrangement between them and the vendor when it was trying to purchase Flat 2. I'm not persuaded that Fleet Mortgages is responsible for this cost. I haven't seen that there were unnecessary delays in the mortgage application caused by Fleet Mortgages which delayed the conveyancing process. This was ultimately S decision to make this arrangement and as I've not seen that any delays were significant, I won't be asking Fleet Mortgages to reimburse S for this cost.

I understand that S will be unhappy with my decision, but for the reasons given above, I think the amount of £200 that has been offered by Fleet Mortgages for not making things clear, is reasonable.

#### **My final decision**

My final decision is that Fleet Mortgages Ltd should pay S £200 compensation that they originally offered if they haven't already done so.

Under the rules of the Financial Ombudsman Service, I'm required to ask S to accept or reject my decision before 13 June 2024.

Maria Drury  
**Ombudsman**