

The complaint

Z believes that Charter Court Financial Services Limited trading as Precise Mortgages (PM) has caused it a financial loss by misrepresenting the value of the Buy-to-let (BTL) property for which it was seeking a mortgage.

What happened

Z approached PM in 2018 for a BTL mortgage, through a broker. PM arranged for a valuation to be carried out on the property and it agreed to give Z a mortgage on interest only terms, with the interest rate fixed for the first five years.

Z repaid the mortgage around the end of the fixed rate term. It then applied to PM for a new mortgage. PM again arranged for a valuation to be carried out but this time it declined to provide a mortgage, because of concerns that came to light about the construction of the property.

Z complained that the initial valuation carried out before PM agreed the original mortgage, had been inaccurate. PM didn't uphold the complaint. It said the original valuation had been carried out by a Chartered Surveyor and that it had been entitled to rely on what the surveyor said when agreeing to lend. PM did say that it would refund the £410 valuation fee and £180 assessment fee for the second mortgage application, since it thought Z had applied again based on the original valuation report deeming the property to be suitable security for PM.

Z referred its concerns to the Financial Ombudsman Service. It said it had relied on PM's written valuation report when deciding to purchase the property and given that the latest valuation of the property was zero, Z thought PM should pay the difference between that amount and the amount Z had paid for the property plus associated fees.

An Investigator here issued an assessment of the complaint. In summary, they said the primary purpose of both valuations was for PM to decide whether the property represented suitable security to lend. The Investigator said PM had been entitled to rely on the valuations carried out by the surveyor and that it had been up to Z to decide whether to buy the property, independent of this.

Z remained unhappy and asked for the matter to be escalated to an Ombudsman. It emphasised that PM had provided the valuation in writing and said that Z had been entitled to rely on this when deciding whether to buy the property with a mortgage from PM.

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.

Having done so, I've reached the same overall outcome as the Investigator for fundamentally the same reasons.

Before I explain why, I want to set out the purpose of my role. It isn't to address every single point that's been made to date. Instead, it's to decide what's fair and reasonable given the circumstances of this complaint. And for that reason, I'm only going to refer to what I think are the most salient points when I set out my conclusions and my reasons for reaching them. But, having considered all of the submissions from both sides in full, I will continue to keep in mind all of the points that have been made, insofar as they relate to this complaint.

I'd first explain that the actions of both surveyors, including their professional opinions, are not things that I can consider. That's because the surveyors don't fall within the jurisdiction of this Service. The surveyors were appointed by PM to provide it with their opinion on whether the property was suitable security for PM to lend on. The surveyors were acting each time on behalf of PM, not Z.

Z argues that any failing in the valuation is PM's responsibility and points to the fact the valuation information was contained within a report on PM headed paper with "property assessment" in the title. Z says that the report includes wording that says it is highlighting items which PM considers will materially affect the value. Z says it was entitled to rely on this written information and that this was significant in its decision to purchase the property.

Whilst I understand Z's perspective, ultimately, I'm not persuaded by its arguments.

Both valuations, including the original one upon which PM agreed to lend, were completed in order for PM to decide whether the property being purchased represented adequate security upon which it was prepared to lend. PM was entitled to rely on both reports, since they were carried out by a suitably qualified (RICS) surveyor. The valuation wasn't being carried out for the benefit of Z.

Z has suggested that through what was contained within the original Valuation Report, PM had encouraged it to purchase the property, using borrowing from PM. I don't find this to be a persuasive argument.

First, I note that within Section 15 (Offer Conditions) of the Mortgage Offer from 2018, it says *"Your attention is drawn to the contents of the Property Inspection Report for mortgage purposes. This Property Inspection Report has been undertaken with the sole purpose of assisting us with the decision to make a formal Mortgage Offer and may not reveal any problems with the fabric of the Property or any services. We strongly recommend that you obtain a more comprehensive survey report before entering into any commitment to proceed."*

So, PM encouraged Z to undertake further checks about the property, before proceeding with the arrangement. Also, PM is not authorised to give investment advice and I can't see that it gave any such advice to Z.

I'd also note that the valuation of £0 given by the most recent valuer doesn't mean that the property has a zero value in the open market. It just means that, as far as PM is concerned, it doesn't meet its lending criteria so has an effective value for mortgage purposes of zero.

Regardless, the decision as to whether or not to purchase the property was solely Z's to make. If Z chose to rely on what was contained within the valuation report, that was its decision. PM was not responsible for ensuring the property was a worthwhile investment - that was solely for Z to decide based on whatever investigations it wanted to carry out in advance.

I note that PM offered to refund the valuation and assessment fees for the second mortgage application. Given my findings above, I don't require it to do anything further.

My final decision

My final decision is that I don't require Charter Court Financial Services Limited trading as Precise Mortgages to do anything further.

Under the rules of the Financial Ombudsman Service, I'm required to ask Z to accept or reject my decision before 23 December 2024.

Ben Brewer
Ombudsman