

The complaint

Ms E complains that TSB Bank plc unfairly declined her application for a buy to let mortgage. She asks for compensation and an apology for the stress and frustration this has caused.

What happened

In late 2023 Ms E applied to TSB for a buy to let mortgage via a broker. TSB declined to lend after the valuer said the property wasn't suitable security. Ms E disputes the valuation and says TSB doesn't have a fair process to appeal a valuation.

Ms E says her broker could only find two lenders that would potentially lend on her property. They both declined to lend. Ms E says she's now a mortgage prisoner with her lender (not TSB). This lender doesn't offer tracker products, so she won't be able to take advantage when interest rates fall. She's been unable to sell the property for the amount she believes it is worth and will have to rent it out, despite having a residential mortgage.

Our investigator said TSB was entitled to set its own lending criteria and instructed a suitably qualified valuer.

Ms E didn't agree, saying TSB's criteria and appeals process are unfair.

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.

Ms E applied for a buy to let mortgage. TSB doesn't have expertise to value property. So it instructed a valuation to check that Ms E's property was suitable security for the loan and to assist it to make a lending decision.

TSB instructed a firm of surveyors which is regulated by the Royal Institution of Chartered Surveyors (RICS) and the valuation was carried out in accordance with RICS specifications. The valuation report said the property wasn't suitable security for the loan as the valuer considered it unlikely there would be a reasonable level of demand from both owner occupiers and investors. They didn't consider the property would be readily saleable at or about the valuation figure. The valuer expressed further concerns about saleability due to the location of the property, that the property was ex-public sector without a meaningful level of ownership in the block and that it was a flat with deck/balcony access.

Ms E disputed the valuer's opinion. TSB said if Ms E provided evidence of comparable properties sold within the block/area within the last three months or evidence that the majority of properties in the block were privately owned it would raise this with the valuer. TSB told Ms E the valuer would have already looked at comparables and carried out their own searches, so it was unlikely their decision would change.

Ms E said it was impossible for her to provide this information, which should have been provided by the valuer. Ms E offered instead to provide evidence of an offer to buy the

property that she told us she was unable to accept because it was extremely low and an offer she almost received from a potential buyer. Ms E says this is evidence of the property's saleability.

TSB said the valuer would have sourced the information they needed (such as comparables and searches) when making their decision. I don't think Ms E was being asked to do the valuer's job. I think TSB was giving her the opportunity to provide evidence to support what she said – that the property was sellable – so that TSB could ask the valuer to review its valuation. I think this was fair.

Ms E set out in detail the reasons why she says it's impossible or impractical for her to provide this evidence. Having considered what Ms E has said, I don't agree that it would have been impossible or overly difficult or costly to provide this evidence – if, that is, evidence that supports Ms E's position does in fact exist. What Ms E has said doesn't change my view that it was fair for TSB to offer Ms E the opportunity to provide credible evidence of the property's saleability so it could raise this with the valuer.

It's not for me to replace the valuer's opinion with my own – I don't have the relevant expertise. I can consider whether it was reasonable for TSB to rely on the valuer's opinion. I think it was. The valuer was appropriately qualified and there's no evidence to suggest they made an error when carrying out the valuation. I don't think the evidence Ms E offered to provide – an offer that was too low to accept and a potential offer that wasn't in fact made – is sufficient for me fairly to say it was unreasonable for TSB to rely on the expert opinion of the valuer.

Ms E says a blanket policy to decline to lend on properties like hers is unfair. I understand the point she makes. If buyers have difficulty sourcing a mortgage this is likely to affect the saleability of the property. Based on what Ms E has said, it seems TSB is one of the few high street lenders that do lend on properties like hers (albeit not on this occasion). I can't comment here on the lending policies of other lenders. As I've already said, I think TSB was entitled to rely on the opinion of the valuer as to whether Ms E's property was suitable security for the loan.

Ms E provided an email from her broker that said he could recommend a lender that specialises in these cases, although at a higher cost than the TSB mortgage. Ms E told TSB that she considered options from specialist lenders to be too expensive.

Ms E is in a difficult position. She's moved into a home with her partner so no longer lives at the property. Her lender didn't agree to move her onto a buy to let mortgage. She's been unable to source a buy to let mortgage from a high street lender, and the buy to let mortgages offered by specialist lenders are more costly. Ms E hasn't been able to sell the property for a price she's happy with. And she has on-going costs related to the property, including her mortgage which is on her lender's standard variable rate.

However, what I have to consider here is whether TSB considered Ms E's application for a buy to let mortgage fairly. I think it did. While I sympathise with Ms E, I can't fairly require TSB to offer her mortgage or pay compensation to her.

My final decision

My decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms E to accept or reject my decision before 24 December 2024.

Ruth Stevenson
Ombudsman