

The complaint

This complaint's about a mortgage application Mrs and Mr T made to Metro Bank PLC. The application was turned down, because the surveyor instructed by Metro Bank to value their property for mortgage purposes assessed it as unsuitable security without a structural warranty, due to having been the subject of a conversion. Mrs and Mr T argue that the property had been refurbished rather than converted, and should therefore only require a Professional Consultant Certificate (PCC).

Mrs and Mr T ended up taking a mortgage with a different lender at a higher interest rate; they complained that the decision to refuse them a mortgage was unfair, and that Metro Bank should reimburse them the extra cost they're paying on the mortgage.

What happened

The above summary is in my own words. The broad circumstances of this complaint are known to Mrs and Mr T and Metro Bank. I'm also aware that the investigator issued a detailed response to the complaint, which has been shared with both parties, and so I don't need to repeat the details here.

Our decisions are published, and it's important that I don't include any information that might result in Mrs and Mr T being identified. Instead I'll focus on giving the reasons for my decision. If I don't mention something, it won't be because I've ignored it. It'll be because I didn't think it was material to the outcome of the complaint.

Mrs and Mr T applied for the mortgage via a broker. They've supplied a note the broker made of a conversation he had with someone from Metro Bank in May 2023; in the note, the broker recorded that the property wouldn't be classed as a new build or conversion, so a PCC would suffice.

However, when the proposed property was referred for valuation in early 2024, the surveyor reported that without a structural warranty, the property wouldn't be suitable security. Mrs and Mr T's broker challenged this, and Metro Bank asked the surveyor to consider the point again. Amongst the evidence given for the surveyor to review was another valuation from 2022. Unfortunately, the appeal was unsuccessful; the surveyor's opinion remained unchanged and Metro Bank rejected the application,

Our investigator didn't recommend the complaint be upheld. He thought Metro Bank had considered the application fairly and in accordance with its lending policy.

Mrs and Mr T remain unhappy so the case has come to me for review.

What I've decided – and why

I'll start with some general observations. We're not the regulator of financial businesses, and we don't "police" their internal processes or how they operate generally. That's the job of the Financial Conduct Authority (FCA). We deal with individual disputes between businesses and their customers. In doing that, we don't replicate the work of the courts.

We're impartial, and we don't take either side's instructions on how we investigate a complaint. We conduct our investigations and reach our conclusions without interference from anyone else. But in doing so, we have to work within the rules of the ombudsman service, and the remit those rules give us.

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 set out my conclusions and the reasons for them below.

My starting point here is that no one is entitled to borrow money; and even when they've borrowed before, they're not automatically entitled to borrow again and a lender isn't obliged to lend. But a lender must treat customers fairly. In the context of an application for a new mortgage, that means assessing it in accordance with the bank's lending criteria and being mindful of what mortgage regulation requires of it, which includes considering what is in a customer's best interests.

The problem here was that the surveyor instructed to assess the property reported it as not meeting Metro Bank's criteria for suitable mortgage security. The sticking point was whether the recent alterations to the property (which all parties agree were substantial) amounted to a refurbishment or a conversion.

I can see that in 2022, when the property was valued for a self-build mortgage with another lender, it was described as undergoing "significant refurbishment and extension". I'll come back to that, but meanwhile, I've also seen the note Mrs and Mr T's broker made in May 2023 of a conversation where someone from Metro Bank apparently agreed that the property wasn't a conversion.

The weight I can attach to the note is limited, not least because Metro Bank has no record of its own of the conversation having taken place. But even if it did, there's nothing to suggest the individual to whom the broker was speaking was a qualified surveyor or that he had seen the property. Any answer the individual gave would have been reliant on what the broker told him about the property, and I can't know what questions were asked and in what context any answers were given.

Staying for a moment with what the broker said about the property, I have noted that when the mortgage application was submitted to Metro Bank, one of the questions on the application form asked if the property had been converted. The answer given was "yes".

Ultimately however, none of the varied opinions of Mrs and Mr T, their broker, the surveyor who carried out the 2022 valuation and a staff member at Metro Bank are what the outcome of this complaint turn on. The only party whose opinion on the property actually matters here is the surveyor who valued the property for Metro Bank in February 2024.

Mrs and Mr T have been highly critical of the valuation and the surveyor who conducted it. I haven't considered whether the valuation was accurate or not; I have no remit to do so. It was carried out by a member of the Royal Institution of Chartered Surveyors (RICS) employed by an independent firm of surveyors that isn't covered by our jurisdiction. However, by instructing an RICS-qualified surveyor, Metro Bank had discharged its duty to Mrs and Mr T and could fairly rely on the surveyor's opinion when deciding whether it was willing to lend to Mrs and Mr T.

Mrs and Mr T were clearly unhappy with the outcome of the valuation, and believe Metro Bank should have done more to challenge it. But Metro Bank did everything I'd expect a lender to do when mortgage applicants are unhappy with the outcome of a valuation. It

referred the additional material to the surveyor and asked him to reconsider his assessment. It wouldn't have been appropriate for Metro Bank to do anything more than that. And when the surveyor gave his response, that his opinion remained unchanged, Metro Bank's lending decision also remained unchanged, quite reasonably in my view.

The fact that another lender was prepared to lend Mrs and Mr T the money they wanted has no bearing on the fairness or otherwise of Metro Bank's decision not to lend.

I said at the outset that I wouldn't be commenting on every single point, and I haven't. I have, as I said I would, confined myself to those matters that I consider have a material effect on the outcome. I can see from their submissions how important this is to Mrs and Mr T. That's a natural reaction, and entirely understandable when you're as close to a situation as they are here.

But I have a different remit. I have to be objective, and impartial, and sometimes that means stepping back from the fine detail, taking an overview and deciding what is fair, reasonable and pragmatic in all the overall circumstances of the case. It also means that I'm not required to provide answers to every specific question that comes up if I don't consider doing so will affect the overall outcome. Having done that, and having considered everything that both parties have said and provided, I don't find that Metro Bank has treated Mrs and Mr T unfairly.

My final decision

My final decision is that I don't uphold this complaint.

My final decision concludes this service's consideration of this complaint, which means I'll not be engaging in any further consideration or discussion of the merits of it.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs and Mr T to accept or reject my decision before 11 March 2025.

Jeff Parrington

Ombudsman