

The complaint

Mr J complains that UK Mortgage Lending Ltd trading as Pepper Money lent him money on a property he now finds very difficult to sell. Mr J said Pepper didn't look after his interests when it lent him this money, so it should waive some of the money it charged for lending.

What happened

Mr J told us he bought his home in 2022, with a mortgage from Pepper. He now wants to sell the property, as his personal circumstances have changed meaning he can no longer afford to pay the mortgage.

Mr J said it was only when he came to sell the property, that he realised that something in his garden (which I don't need to detail here) was causing a problem in the sale. Mr J said he was aware of this issue before he purchased the house, but he didn't know it would affect the property's value or cause a problem with his sale.

Mr J said he could only really sell to cash buyers, because mortgage companies wouldn't lend on his property. Mr J thought Pepper should have told him about this before he bought the house, or should just have refused to lend to him. He didn't think Pepper took sufficient steps to protect his interests in the property.

Mr J said when his circumstances changed, that meant he hadn't been able to pay the mortgage for a little while. But he felt that selling would now leave him with a loss that he couldn't recover. He told us he'd asked Pepper to reduce the interest it was charging on his property, so that he could sell without a loss. Pepper wouldn't do that.

Pepper said it didn't accept responsibility for what Mr J said had gone wrong with his purchase. It said the documentation it issued when Mr J applied for a mortgage made clear that Mr J shouldn't rely on a valuation which was done for its purposes. And it pointed to terms set out in the offer document which made this clear. So Pepper said it wasn't responsible for the problems Mr J had now uncovered, and it wouldn't agree to remove or waive any interest.

Our investigator didn't think this complaint should be upheld. He said the mortgage application confirmed Mr J had chosen a "*Valuation for Mortgage Purposes*". Pepper then instructed an appropriately qualified valuer, who confirmed the property was suitable for lending. But our investigator said this wasn't a survey, and its purpose is just to indicate a general valuation for the property for the use of the lender, rather than to give a detailed description of the property and its state. It's a limited check on a property, and buyers aren't supposed to rely on this themselves.

Our investigator didn't think Pepper had done anything wrong. So he said it didn't have to waive any interest it had charged Mr J.

Mr J said he still thought the problem should have been highlighted. He said it had caused a significant reduction in the property's value. So he said Pepper should have told him about

this, or should have refused to lend him the money he wanted at the time. Mr J said if he'd been aware of how difficult the property would be to sell, then he wouldn't have bought it. He still felt he'd lost a lot of money, and he said he wouldn't have a chance to recoup that, so he still thought Pepper should waive some interest.

Mr J wanted his 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.

Mr J says that when Pepper made a lending decision here, it didn't look after his interests. He said it should have been aware of the issues in the garden, and should have warned him about the impact that would have on the valuation. Or it shouldn't have lent to him at all.

But Pepper says something different. It says what it was doing, was assessing the risk to it of lending money to Mr J. And the risks it needs to assess, in making one of many decisions on mortgages, are quite different to the risks Mr J might face, in buying his own home.

I don't think it would automatically be unreasonable here, for Pepper only to have gathered information to support its own decision-making, not that of Mr J. And importantly, Pepper told us it had explained all of this to Mr J before he took out the mortgage. So I've looked at the documentation Pepper issued at the time, and in particular at the mortgage offer Pepper made to Mr J.

I think that Pepper was clear in the offer it made to Mr J, and elsewhere, that he shouldn't rely on the valuation Pepper had done, as an indication of how much the house was worth. The offer said this -

"We may obtain a valuation report for our own purposes to assess the adequacy of the Property as security before releasing any Loan. If you are shown a copy of any valuation report it is provided to you as a courtesy only and you must not rely on anything it says in connection with the Property for your own purposes. The fact that we may make any Loan does not mean that we or the valuer are making any promises or guarantees about: a) the value of the Property, or the reasonableness of the price which you are paying for it (if you are buying the Property) or b) its condition or state of repair or its permitted use. The valuer is not our agent for the purposes of any valuation report produced or otherwise. The valuer is an independent contractor and we do not make any representation that any valuation report is correct in any respect. We do not accept any responsibility whatsoever for any valuation of the Property obtained by us."

I think that is clear that Mr J shouldn't rely on either the valuer's report, or any lending decision made by Pepper, as an indication of the market value of the property he was buying. If Mr J wanted to get his own indication of the value of the property, or whether there were any problems likely to affect its value or future sale, he would need to do that separately from the valuation for mortgage purposes which Pepper obtained.

I know mortgage offers are lengthy documents, but Mr J did sign the offer to say he'd read it, and accepted the offer on the terms set out there (which included the text in italics above).

I don't think it was unfair or unreasonable for Pepper to say clearly that Mr J shouldn't rely either on its survey or its lending decisions, to tell him how much the house might sell for in future. And I also don't think it would be fair and reasonable for me to say now that Mr J isn't bound by terms he both signed, and said he'd read. So I'm sorry to have to tell Mr J that I don't think Pepper has to waive or refund interest it has charged on his mortgage now.

I know that Mr J will be disappointed, but I don't think this complaint should be upheld.

My final decision

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr J to accept or reject my decision before 22 May 2025.

Esther Absalom-Gough
Ombudsman