

The complaint

This complaint has been brought on behalf of the estate of Mr G (who I'll refer to as Mr G1).

The administrator of Mr G1's estate, who I'll refer to as Mr G2, says The Mortgage Works (UK) Plc sold Mr G1's property for less than its market value.

What happened

Mr G1 had a buy to let mortgage with TMW. Mr G1 died in September 2021. TMW applied a no payment concession for 12 months.

TMW says it didn't receive updates from Mr G2 and the mortgage arrears were increasing. It appointed receivers in late 2023. It took the security property into possession in early 2024 and sold it in mid-2024. This left a shortfall debt. Mr G2 says TMW sold the property for less than its market value, causing a loss of £30,000 to Mr G1's estate.

Our investigator said, in summary, it was reasonable for TMW to appoint third parties to value and market the property for sale. He said Mr G1's estate had tried to sell the property for some time without success. Our investigator said TMW hadn't acted unfairly.

Solicitors acting for Mr G1's estate said TMW should have waited for a higher offer and appointed additional agents to market the property. They said TMW hadn't provided evidence of what had been done to promote the sale of the property. They said a comparable property sold in late 2021 for more and a property website gave an average price for flats in the area of about £390,000. The solicitor said TMW didn't get the best price reasonably obtainable.

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.

Mr G1 died in September 2021. TMW applied a no payment concession for 12 months. The estate could still make payments if it chose to do so. The concession ended and no payments were made. The account fell into arrears. By late 2023 the arrears were about £10,000. Although payments were made in late 2023 this didn't clear the arrears. By this time the mortgage had gone onto the variable rate. By May 2024 the mortgage arrears were over £18,000.

TMW took the property into possession in early 2024. It obtained two valuations from estate agents of £230,000 and £325,000. It contacted two auction houses which recommended reserves of £220,000 and £250,000. A RICS surveyor recommended an asking price of £290,000 and said the projected market value was £265,000.

TMW arranged for the property to be marketed for sale from February 2024 at £290,000. An offer was received and subsequently increased to £265,000, although the sale didn't proceed at that time. No other offers were received. In June 2024 TMW accepted the offer

from the same buyer and the property was sold for £265,000. This left a shortfall debt of about £26,000. TMW said it wouldn't actively pursue the debt.

TMW allowed Mr G1's estate more than two years to arrange for the mortgage to be repaid before it appointed a receiver and then took the property into possession.

Having taken possession of the property, I'd expect TMW to market and sell the property as soon as reasonably possible and to take steps to obtain the best price that might reasonably be paid. When doing so, TMW is entitled to take into account factors such as market conditions and the increase in the amount owed by the customer.

After taking the property into possession TMW obtained valuations. It arranged for the property to be marketed at the price recommended by a RICS surveyor. I think this was reasonable. This was within the range of valuations it had obtained.

TMW marketed the property with the same estate agent used by Mr G1's estate. There were several viewings but only one offer. I think it was reasonable for TMW to accept the offer. The offer was within the range of valuations it had obtained. It was consistent with the RICS surveyor's projected market value. There were no other offers. And the amount of the debt owed was increasing.

Mr G and the estate's solicitor say the property was sold for less than its real value. They put forward arguments and evidence they say supports this. Having considered what they've said, I don't think TMW acted unfairly.

Mr G2 says three flats in the building sold for between £365,000 and £426,000 between mid-2018 and late 2021. This last sale was more than two years prior to TMW taking possession. It's possible these flats were in better condition than Mr G1's property, or they might have had longer remaining lease terms. I don't think these sales are sufficient evidence that TMW could or should have been able to sell the property for a higher price in 2024.

Mr G2 and the estate's solicitors say TMW should have disregarded the lowest valuation, which they consider ridiculously low, and the auction houses' recommended reserves as they say it wouldn't be appropriate to sell the property by auction. There was no requirement for TMW to disregard valuations simply because Mr G2 considered them too low. The property wasn't sold by auction. But I think it was reasonable for TMW to consider this option and the views of the auction houses about the likely sales price, given the property had failed to sell over the previous year.

The property was valued for probate purposes in March 2022 at £400,000 by an estate agent. The same estate agent was appointed by Mr G1's estate to market the property for sale at a guide price of between £350,000 to £380,000, which was reduced to £330,000. While the property was marketed for sale on behalf of Mr G1's estate Mr G2 was able to direct the marketing strategy and asking price. Mr G2 hasn't provided evidence of offers higher than the one accepted by TMW.

I don't think this is credible evidence that TMW should have been able to sell the property for more. I think it's reasonable for TMW to see this as suggesting that it was unlikely to get a higher offer for the property.

Mr G2 and the estate's solicitors say TMW didn't make enough effort to obtain a better offer. They say it should have appointed additional agents and waited for a better offer. TMW continued to market the property after receiving an offer in March 2024. It says there were viewings but no further offers. The property had been marketed for sale for more than 12 months, first on behalf of Mr G1's estate and then on behalf of TMW. I don't think in the

circumstances I can fairly find that TMW should have waited for a better offer, or that it's likely a higher offer would have been received if TMW had waited or if it had appointed additional agents.

The offer accepted by TMW was within the range of valuations and consistent with the advice from a RICS qualified surveyor. TMW needed fairly to take into account the increasing mortgage debt and the amount of time that the property had been marketed for sale (without success) when deciding whether to accept the offer. I don't think TMW acted unfairly or unreasonably when it accepted the offer for the property.

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 the estate of Mr G to accept or reject my decision before 4 June 2025.

Ruth Stevenson
Ombudsman