

The complaint

Mr and Mrs D's complaint is about a mortgage application they made to The Mortgage Works UK Plc (TMW) and which was declined for the amount they needed to borrow. They have said that they believe:

- the valuation was not performed on the right property;
- the technical issues they raised relating to the information contained on a property website that provided valuations were ignored; and
- the appeals process that was introduced changed the nature of the agreement between them and TMW, and so the term saying that the valuation fee was non-refundable cannot be applied.

What happened

In March 2023 Mr and Mrs D applied, via an independent mortgage broker, for a buy-to-let mortgage with TMW. The mortgage was to be secured on a property which had previously been owned by a deceased relative, and which Mr D had inherited jointly with another relative. Initially they wanted to borrow £180,000 over 25 years, but when TMW assessed Mr and Mrs D's income, this was adjusted to just under £173,000.

TMW arranged for a valuation to be completed by a firm of surveyors. The valuer physically visited the property to complete the valuation. It documented the value of the property as £300,000 and the estimated monthly rental value as £900. This meant that TMW was not willing to lend Mr and Mrs D the amount they wanted – only just over £124,000 – which it informed the broker about the day after it received the valuation.

Mr and Mrs D disagreed with the rental valuation and questioned whether it had been done on the right property. In support of their belief the valuation for the potential rental income was wrong, they relied on a rental valuation from a letting agent. This said that the agent would recommend the property being marketed at £1,200 to £1,300 per month, but if there wasn't the desired level of interest in the first few days, the rent should be reduced.

Mr and Mrs D said that they had discovered that the description of the property was incorrect on a property website (not the platform the surveyor said it used for some information). This was due to the square footage being too low and the property being listed with the wrong number of rooms. They said that when they corrected the details about the property, this had changed the valuation produced. No supporting evidence has been provided. Mr and Mrs D thought that this error might have affected other property sites, including the platform the surveyor used, and this had caused the rental valuation to be incorrect.

On 4 April 2023 TMW explained to the broker what the appeals process was for the valuation. It was explained that the broker would need to provide details of '*at least two comparable properties. They must be of a similar type, style, size and location to the subject property and be sold/rented within the last six months.*' It was also confirmed that the valuation could not be appealed for a second time.

Mr and Mrs D appealed the valuation the following day – their broker completed a form that set out what their concerns were. On 11 April 2023 TMW informed Mr and Mrs D's broker the appeal had been referred back by the surveyors due to the full addresses of the comparable properties not having been provided. It was also again explained what the criteria were for a property to be considered comparable. Mr and Mrs D were asked to resubmit the appeal with the required information by the close of business on 17 April 2023. A couple of days later a copy of the valuation was sent to the broker after it had a question about it.

On 13 April 2023 a new appeal form, setting out Mr and Mrs D's concerns about the valuation, was submitted to TMW. This was sent to the surveyor for consideration. The appeal was rejected by the surveyor on 21 April 2023 as the comparables were not in the same locale as the property being valued and were not sufficiently similar to it. As such, the valuer didn't consider they were directly comparable.

In the meantime, TMW explained to the broker that based on the rental income from the valuation, it was not able to lend as much as Mr and Mrs D wanted. It confirmed the maximum (excluding fees) was £124,345. It asked the broker to confirm how Mr and Mrs D wanted to proceed.

On 24 April 2023 TMW wrote to the broker to confirm that the valuation appeal had not been successful. This was confirmed again by email on 28 April 2024.

There were further exchanges about the valuation, as Mr and Mrs D remained unhappy with its content, the outcome of the appeal, and TMW's decision. On 9 June 2023 the broker called TMW and that as Mr and Mrs D were unhappy with the valuation and appeal they wanted the valuation fee refunded. TMW said that was unlikely to happen, and it referred Mr and Mrs D's concerns about the valuation to the surveyor. The surveyor told TMW and Mr and Mrs D that it was satisfied with the valuation that had been done, but if Mr and Mrs D wanted to provide more relevant comparables, it would consider them.

The property was subsequently sold for a sum in line with the valuation TMW had commissioned.

Mr and Mrs D subsequently raised complaints about both the broker and TMW.

TMW responded to the complaint in emails between 17 April and the end of May 2024. It said that while the broker had appealed the down valuation, the properties Mr and Mrs D had put forward as comparable properties had not met the criteria for being considered comparables as they were not in the immediate locale. It was confirmed that the appeal had been considered by the surveyor, but it had not changed its conclusions. In addition, it was stated that while Mr and Mrs D thought the wrong property had been valued, that was not the case, as was evidenced by the photographs included in the site notes. It was also explained that the firm of surveyors had confirmed that it relied on comparables for the valuation, rather than a valuation system. TMW also explained that as a lender it relied on the professional opinions it obtained. The agreement with the surveyor required that comparables be used and considered when it reached its opinion.

On 18 May 2024 the firm of surveyors emailed Mr and Mrs D and confirmed that it had looked at the appeal and it agreed with the valuer's comments that the comparables they had submitted were not within the immediate locale of the property and so they were not relevant. In addition, it said that there had been numerous more recent lets at a closer distance that provided a more realistic appraisal of rents in the area of the house. However, it was confirmed that if Mr and Mrs D were to provide evidence that supported their opinion of the rental value of the property, it would review the information further.

The surveyors also, separately, explained to Mr and Mrs D how the rental value was determined. It said: *'Information on rental comparables is usually more difficult to obtain as the information is not listed publicly online of those that is rented, valuers have access to a professional platform that provides this but it also requires speaking to letting agents for additional information.'*

Mr and Mrs D also provided us with a copy of a report from the individual valuer and this said he had used comparables when determining the value of the property for sale and rent; confirming that all his comparables were within 1.5km and detached properties. The valuer also commented on the condition of the property – that it needed a total refurbishment – and that was reflected in the valuation.

One of our Investigators considered the complaint, but she didn't recommend that it be upheld.

Mr and Mrs D didn't accept the Investigator's conclusions. They reiterated their previous comments and questioned her findings. She responded to the points raised, but she was not persuaded to change her conclusions. As such, Mr and Mrs D asked that the complaint be referred to an Ombudsman.

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.

If the available evidence is incomplete and/or contradictory (or simply disputed) we reach our findings on what we consider is most likely to have happened, on the balance of probabilities. That's broadly the same test that the courts use in civil cases.

It's for us to assess the reliability of evidence, from both sides, and decide how much weight should be attached to it. When doing that, we don't just consider individual documents in isolation. We consider everything together to form a broader opinion on the whole picture.

Our enabling legislation, the Financial Services and Markets Act 2000, provides at section 225 that we are required to resolve complaints *"quickly and with minimum formality"*. 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. That means I don't have to address every individual question or issue that's been raised if I don't think it affects the outcome.

In reaching my decision, I will have regard for the law, regulatory rules and guidance, and good industry practice where relevant, but my overarching responsibility is to decide what is fair and reasonable in the circumstances. We have no regulatory function; that's the role of the Financial Conduct Authority (FCA); nor are we a consumer protection body. We're an alternative dispute resolution body; an informal alternative to the courts for financial businesses and their customer to resolve their differences. We deal with individual disputes – when we're able to – subject to rules laid down by the FCA (which are known as the DISP Rules).

I would initially explain that a lender is not a property expert, which means that when it needs to know whether a property is suitable security for the lending that has been requested, it will appoint an independent expert to assess the property. When doing so the lender is required to appoint a suitably qualified individual – this will usually be a member of the Royal Institute of Chartered Surveyors (RICS). When it does this, a lender is entitled to rely on any report the expert produces. In this case, TMW appointed a RICS surveyor to value the property. As

such, I am satisfied that it did what I would have expected it to do and so was entitled to rely on the opinion provided.

The core of this complaint is that Mr and Mrs D are not happy with the amount the surveyor decided the property could be rented out for. As the Investigator explained, the firm of surveyors that produced the valuation report does not fall within our remit, so we can't consider whether the surveyor's findings were accurate or not. That said, if there was something obvious that should have raised doubts about the report, or Mr and Mrs D had concerns about the report, we can consider how TMW dealt with that situation.

I will firstly address Mr and Mrs D's contention that the wrong property was surveyed. Having looked at the valuation, I don't consider there is anything contained in it that would have caused TMW to think that the wrong property had been valued. So it was not unreasonable for it to have accepted the valuation. I also note that while Mr and Mrs D have said it was the wrong property; they have also confirmed that the individual valuer attended the correct property. The individual valuer has also confirmed that his report was about the correct property, and he provided an explanation of why the valuation for both rental and sale were lower than Mr and Mrs D believed they should have been. While I note Mr and Mrs D's concerns about what they saw on a property website being wrong, given that the individual valuer has confirmed that he used comparable properties when reaching his conclusions, it would seem that Mr and Mrs D's concerns in this regard are unfounded.

While it is not a regulatory requirement for a lender to have an appeals process for valuations, we would expect the lender to take any concerns potential borrowers had about a valuation seriously. In this case TMW does have an appeals process – there is a form for the potential borrowers to complete and submit. That is what Mr and Mrs D's broker did on their behalf. In response to that appeal Mr and Mrs D's broker was asked to provide full details of the properties that had been put forward as being comparable, so that the surveyor could assess them. The second time, the surveyor confirmed that the properties would not be considered comparable firstly due to their locations and secondly because of either their size and/or condition. This information was communicated back to Mr and Mrs D.

In summary, when Mr and Mrs D raised concerns about the valuation, TMW forwarded those concerns to the firm of surveyors for consideration to see if they changed the individual valuer's opinion. That is all that I would have expected TMW to do in the circumstances. As I have said above, TMW was entitled to rely on the valuation it received. As such, I don't consider that TMW was wrong to decline to lend Mr and Mrs D the amount they requested.

Mr and Mrs D have asked that the valuation fee be refunded to them. They have said that they don't consider that the non-refundable nature of the fee can be relied upon by TMW due to the appeals process changing the contract they entered into with it. It is not our role to decide if there was a legally binding contract of some sort or whether it was broken. Our remit is a fair and reasonable one. In this case Mr and Mrs D were made aware that in order for their application to be considered, a valuation would be needed, and they had to pay for it. It was clearly set out that the valuation fee was not refundable and Mr and Mrs D paid it in the knowledge that if the application was not accepted the fee would not be refunded. As such, I do not consider that it would be appropriate to require TMW to refund the fee, given I have found no wrongdoing on TMW's part.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I am required to ask Mr and Mrs D to accept or reject my decision before 18 August 2025.

Derry Baxter
Ombudsman