DRN-5560074

The complaint

Mr and Mrs L complain that OneSavings Bank Plc trading as Kent Reliance unfairly declined their mortgage application.

What happened

In February 2024, Mr and Mrs L applied for a mortgage with Kent Reliance through a mortgage broker. But Kent Reliance declined the application once it received a valuation report. The surveyor found that the property was not mortgageable because of its construction type. As a result, Kent Reliance declined the application.

Mr and Mrs L complain that Kent Reliance has not treated them fairly. They said Kent Reliance:

- Knew how the property was constructed before they paid the valuation fee. It should have declined the application before they paid for a valuation report if the property did not meet its criteria.
- Took too long to tell them its lending decision.
- Did not give them a copy of the valuation report.
- Do not have a documented complaints process.

The investigator did not think the complaint should be upheld.

Mr and Mrs L did not accept what the investigator said. They responded to make a number of points, including:

- Kent Reliance was aware of the urgency of the application and that they needed to complete by 30 March 2024. Despite that by 11 March 2024 the broker had not received a decision from Kent Reliance.
- It was unreasonable for Kent Reliance not to give them a copy of the valuation report, They paid £1,370 for the valuation and they have nothing to verify a valuation report was actually carried out. They did not understand how a lender could make a reasonable decision based on an inspection by a surveyor that took ten minutes. It was not clear if the property did not meet Kent Reliance's criteria because of the type of construction or because the property was still undergoing construction.
- They told the broker that the property was still being completed, funds were needed to complete the build and that the construction method was not traditional. Communication with the broker was clear on that point. The broker discussed it with Kent Reliance and obtained a preliminary view before proceeding.

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 understand Mr and Mrs L's disappointment that the their application did not proceed after they'd paid a valuation fee, particularly in view of the time pressure they were under to refinance. I don't doubt that was a very stressful experience. But after reviewing everything I don't consider Kent Reliance acted unfairly or unreasonably. I will explain why:

Valuation

The mortgage application stated the property was standard construction. It does not appear to be in dispute that the broker discussed the application including the property type before the application was submitted. But looking at the evidence provided, I do not consider that Kent Reliance gave any firm assurances that the property would be acceptable to it. Rather it appears to have told the broker that approval was subject to the surveyor's opinion. The broker told Mr and Mrs L that the application was subject to valuation and there was a risk that there might be an issue with that.

As far as I can see, Kent Reliance did not tell any party that the property was acceptable to it. I consider that it is likely it said that the decision was subject to valuation. It was reasonable for it to rely on a suitably qualified independent surveyor for their opinion on whether the property offered suitable security or not.

Kent Reliance has given us a copy of the valuation report. I am satisfied that the surveyor did complete a report and it contains the information I would usually expect for this type of valuation. The surveyor was a member of the Royal institute of Chartered Surveyors and was not employed by Kent Reliance. Therefore Kent Reliance was not responsible for the content of the valuation or the conduct of the surveyor – those were not activities carried out by it.

It was reasonable for Kent Reliance to rely on the valuation report when making its decision to lend. The report said the property did not offer suitable security because the type of construction was not readily mortgageable with most mainstream lenders and therefore was outside Kent Reliance's lending criteria. Therefore, it was a reasonable decision for it to decline the application on that basis.

The purpose of the report was for Kent Reliance to decide whether the property offered suitable security or not. So it was not unreasonable for it not to provide a copy to Mr and Mrs L.

In my experience the cost of the valuation is not out of line with the amount usually charged by lenders bearing in mind the size and value of the property.

Lending decision

The application was received on or around 9 February 2024 and the valuation was carried out on 23 February 2024. Kent Reliance told Mr and Mrs L's broker that it had declined the application on 29 February 2024.

I don't consider that Kent Reliance delayed making a decision. The time it took was in my experience reasonable. It was outside Kent Reliance's control whether the broker told Mr and Mrs L what the decision was. It was the broker's choice to appeal the decision. But I consider that Kent Reliance made its decision and told the broker what it was in a timely manner.

Complaints process

Kent Reliance issued an illustration on 9 February 2024. That included a section headed "Complaints" that set out how to complain to it and a link to the page on its website where its complaints process was set out. And it set that information out again when the broker made a complaint on Mr and Mrs L's behalf. I think Kent Reliance took reasonable steps to set out what its complaint process was.

My final decision

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L and Mrs L to accept or reject my decision before 2 October 2025.

Ken Rose
Ombudsman