DRN-5595395

The complaint

Mr and Mrs B complain that Charter Court Financial Services Limited, trading as Precise Mortgages, changed some of the terms of a bridging loan after issuing a decision in principle. Their broker brings the complaint on their behalf.

What happened

Mr and Mrs B owned an unencumbered property and wanted to build a smaller house in the garden. They then planned to sell the existing house and move into the new one.

On 12 July 2024 Mr and Mrs B's broker asked Precise for a decision in principle for a bridging loan with a 12-month term. He explained Mr and Mrs B's circumstances: they wanted a bridging loan in order to finance the construction of the new, smaller house, they had received planning permission and building quotes, work had not yet started, and they planned to split the property title on sale of the existing house.

On 18 July 2024 Precise sent the broker indicative terms and a decision in principle. It quoted a monthly interest rate of 0.69% and a valuation fee of £585. It said the short term lending type was "standard".

Mr and Mrs B decided to go ahead and their broker submitted a full application for them on 23 July 2024. On 25 July 2024 Precise told the broker its indicative terms had changed – it now classed the lending type as "heavy" and this meant the monthly interest rate would be 0.79% with a valuation fee of £905.

The broker queried this and made a complaint. Later on 25 July Precise agreed to proceed at the lower valuation fee of £585. But it said it wouldn't revise the monthly interest rate of 0.79%. It reconfirmed its position in the following weeks.

On 15 August 2024 Precise issued an offer of loan at a fixed monthly interest rate of 0.79% with a valuation fee of £585. Mr and Mrs B went ahead and the loan completed later that month.

In response to Mr and Mrs B's complaint Precise said it should have identified on receipt of the broker's original enquiry that Mr and Mrs B's application fell into its "tier 2" scheme because of the work they planned to do, and that meant they weren't eligible for the 0.69% interest rate and £585 valuation fee it had initially quoted. It apologised and noted that it had nevertheless agreed to proceed with the lower valuation fee. It wouldn't however alter the interest rate.

Mr and Mrs B's broker referred their complaint to us on their behalf. He didn't think Precise had treated his clients fairly, having altered the interest rate when nothing had changed from the original application. He also said he would probably have recommended a different lender had Precise quoted the more expensive terms at the outset, but the time pressure Mr and Mrs B were under meant they had to go ahead with Precise.

Our Investigator didn't recommend that the complaint should be upheld. He looked at Precise's lending criteria and concluded that Mr and Mrs B's application fell into "tier 2" as Precise had said. The Investigator said that Precise had quoted the wrong indicative terms initially but it had since corrected that, and it had done enough to put things right by reducing the valuation fee it should have charged by £320.

Mr and Mrs B didn't accept that outcome and, through their broker, asked for an Ombudsman's review.

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.

Having done so, while I realise this isn't the outcome Mr and Mrs B and their broker were hoping for, I've come to the same conclusion as our Investigator for the same reasons.

I've looked carefully at Precise's lending criteria from the time of Mr and Mrs B's application and which their broker has also seen. They set out the various "tiers" for the type of bridging finance Mr and Mrs B wanted. "Tier 1" was for light refurbishment projects and "tier 2" was for heavy refurbishment projects.

Mr and Mrs B didn't want to make any changes to their existing house. But they intended to build another house on the attached land, which was on the same title as the existing house. For that they needed – and had obtained – planning permission. Precise's lending policy described its tier 2 products as being for "heavy refurbishment" and said that a product from this range would be appropriate in cases where planning permission was required. It also said its tier 2 products were for cases involving a change to the overall use or nature of the premises.

Precise's tier 1 products were described as being for "light refurbishment", where there was to be no change to the overall use or nature of the premises. The criteria for this range didn't include cases where planning permission was necessary.

The security for Mr and Mrs B loan was to be the whole of the property and land, since the existing house and all of the land – including the land on which the new house was to be built – were all on the same single title.

In the circumstances, I think it would be difficult to conclude that Precise was wrong to offer Mr and Mrs B a product from its tier 2 rather than its tier 1 range, and I think it should have treated their application as falling into its tier 2 range from the outset. Its mistake was therefore to have provided initial indicative terms and an illustration for a tier 1 product at a monthly interest rate of 0.69% with a valuation fee of £585. That was not in fact a product it would ever have been prepared to offer given the nature of Mr and Mrs B's application.

Had nothing gone wrong, Mr and Mrs B would have been quoted terms from Precise's tier 2 range – which included the higher monthly interest rate of 0.79% - from the start. This is what they ultimately got, so I don't find that they have lost out financially because of Precise's mistake.

Mr and Mrs B's broker says he would probably have placed Mr and Mrs B's business elsewhere if Precise had quoted a monthly rate of 0.79% at the outset. I recognise that Mr and Mrs B were under some time pressure, wanting to start the work on the new house, but Precise corrected the rate quickly. The decision in principle for the 0.69% rate was issued on 18 July, Precise received Mr and Mrs B's completed loan application on 23 July, and it let the broker know about the 0.79% revised interest rate on 25 July. Its correspondence had also been clear that the terms, and specifically the interest rate and fees, were only indicative and could change following a full application. So I don't think that Mr and Mrs B lost out because of Precise's mistake with the initial indicative interest rate; they had time to consider other lenders.

Precise did have an obligation to communicate in a way that was clear, fair and not misleading. It also had an obligation to comply with the Consumer Duty. That doesn't mean however that no mistakes will happen, and Precise did make a mistake. It has however apologised for that and reduced the valuation fee it charged by £320. In all the circumstances, I consider that it has done enough to put its mistake right, so I make no order or award.

My final decision

My final decision is that I don't uphold this complaint – in the sense that I don't require Charter Court Financial Services Limited, trading as Precise Mortgages, to take any further action to resolve this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B and Mrs B to accept or reject my decision before 7 September 2025.

Janet Millington
Ombudsman