

The complaint

Mr B complains that The Mortgage Works (UK) Plc unfairly declined to offer additional lending or allow a second charge on his buy to let property.

What happened

Mr B took out a buy to let mortgage with TMW in 2020. He applied for additional borrowing. TMW declined the application. It says it no longer offers mortgages for this type of property.

Mr B asked TMW to consent to a second charge on the property. It declined. It said this was because the loan was for debt consolidation and not just for improvements to the property.

Mr B says it's unfair for TMW to decline to lend and also not allow him to borrow elsewhere. He says he's unable to make improvements to maximise his return from the property. And he's suffering high interest rates on the debts that he's unable to consolidate.

Our investigator said TMW is entitled to make a decision about its policies and lending criteria, and make changes to them from time to time. She said it had applied its criteria fairly when considering Mr B's applications.

Mr B didn't agree. He said TMW was obliged to honour the contract he signed with it for the lifetime of the mortgage. He said moving the goal posts was unfair.

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'm not required to respond to each point made by the parties. What I do need to do is explain my reasons for my decision as to what's fair and reasonable in the circumstances of this complaint.

I understand that Mr B is disappointed. But TMW is under no obligation to offer additional lending to him. Lenders are entitled to make commercial decisions about their lending criteria and risk appetite, and to change their lending criteria from time to time.

TMW is entitled to make a commercial decision as to what types of properties it accepts as security. It's entitled to make a commercial decision as to when it consents to second charges. TMW's charge would rank ahead if the property was sold. However, a second charge loan could increase the risk of a default – for instance if this impacted affordability or rental cover. TMW provided evidence of its lending criteria to us. TMW doesn't have to engage in a discussion about or justify its lending criteria to Mr B. It does have to apply its lending criteria fairly.

TMW said it couldn't offer additional lending to Mr B as it doesn't now accept properties of the same type as Mr B's property. This is consistent with its lending criteria.

TMW declined Mr B's request for consent for a second charge as the funds were for debt

consolidation as well as improvements to the property. It said it would consider a request if the loan was solely for property improvements and Mr B provided a schedule of works with a cost breakdown. This is consistent with TMW's criteria.

Ultimately, it's for a court to decide whether a contract has been breached. But I'm not persuaded by Mr B's argument that TMW is obliged by the mortgage contract to apply the same lending criteria that was in place when he applied for the mortgage to any application for additional borrowing submitted during the mortgage term. It didn't agree when it offered the original loan to provide further lending to Mr B on the same basis (or at all).

As I said, TMW is entitled to change its lending criteria from time to time in response to changes in the market and its own risk appetite. Providing additional lending to Mr B would increase TMW's risk. I think it's fair for it to apply its current lending criteria to Mr B's application for additional borrowing, and I don't think it made an error or treated Mr B unfairly when it did so.

Mr B says it's unfair that TMW won't lend to him or allow him to take out a second charge loan. I understand Mr B's frustration: he was hoping to raise funds to improve the property and consolidate debts which he says have high interest rates. But I don't think this makes it fair and reasonable to require TMW to consent to a second charge on his property. I'd expect TMW to apply its lending criteria and consider Mr B's request for second charge fairly, and I think it did.

I'd note that TMW said it would consider Mr B's request for a second charge if the loan was to be used only to improve the property. Mr B could consider whether to go ahead with an application on that basis. I'd also say that it seems Mr B's interest rate product is due to expire in September 2025. Mr B can consider contacting an independent financial adviser as to his options.

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 Mr B to accept or reject my decision before 5 August 2025.

Ruth Stevenson
Ombudsman