DRN-5762273

The complaint

Mrs A and Mr H complain about the way The Mortgage Works (UK) Plc dealt with their application for a buy to let mortgage. They say it caused them to incur unnecessary costs of about £1,000 before having to pull out of their purchase.

What happened

Mrs A and Mr H applied to TMW for a buy to let mortgage in 2024 via a broker. TMW instructed a valuation of the property in September 2024. The surveyor said a damp and timber report and concrete screening report were needed.

Mrs A and Mr H provided the reports. The surveyor estimated repair works recommended in the timber and damp report would cost £20,000. TMW said this meant it would require a full retention – in effect Mrs A and Mr H would have to fund the purchase and repairs before TMW released the mortgage funds. Mrs A and Mr H couldn't proceed on that basis.

Mrs A and Mr H say that TMW should have told them it would require a full retention when it received the timber and damp report in October 2024 – before they incurred costs related to the concrete screening report and legal searches.

I sent a provisional decision to the parties explaining why I intended to uphold the complaint and order TMW to compensate Mrs A and Mr H for their costs related to the concrete screening report. I said TMW should have told Mrs A and Mr H in In mid-November 2024, when the valuer estimated the cost of repairs for the timbers, that it would require a full retention. Had it done so, I don't think Mrs A and Mr H would have proceeded further with the mortgage application.

I said it wasn't fair to require TMW to refund Mrs A and Mr H's legal costs, as it was their decision to incur legal costs before having an mortgage offer.

TMW agreed. It asked for evidence of the cost of the mundic (concrete screening) report, and evidence that Mrs A and Mr H paid this cost (such as a receipt or bank statement), and their bank details for the payment. Mrs A and Mr H didn't respond.

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.

Mrs A and Mr H submitted a mortgage application in September 2024. They also submitted a concrete screening report dated 2002.

TMW instructed a valuation of the property. The surveyor said "*The property is of an age, style and construction where a concrete screening test is required. Indication of timber decay noted (springy floor in living room). A specialist firm should investigate the cause and extent of the defects, and effect any necessary repairs/works under Guarantee".* The surveyor gave a nil valuation.

Mrs A and Mr H provided a timber and damp report in October 2024. There was an exchange between TMW, the surveyor and the broker regarding the ground floor timbers, which were to be replaced with concrete.

In mid-November 2024 the valuer said: "I note the comment that the timber floor is to be replaced with concrete. The estimate for the repair work is approximately £14000 plus additional stripping out work. An estimate of £20000 for everything is considered appropriate. When the mundic report is available we will be able to issue an amended report".

The surveyor confirmed there was no change to the original (nil) valuation. TMW's notes say it read the surveyor's comments to Mrs A and Mr H's broker on 13 November 2024.

The surveyor said the concrete screening report provided in September 2024 wasn't acceptable. He said it needed to be dated within a specified period as the RICS requirements had changed. It needed to be in the vendors' or previous vendors' names (it didn't have to be in Mrs A and Mr H's names). There was some discussion about this. The surveyor said the 2002 report could be accepted if it was assigned to the vendor or Mrs A and Mr H and the specialist firm re-confirmed its conclusions remained the same.

After receiving the concrete screening report, the surveyor issued a further valuation in early December 2024. This said "*Indication of timber decay noted (springy floor in living room). A specialist firm investigation has estimated necessary work required c£20,000. All necessary repairs/works under Guarantee should be completed*".

Due to the cost of the essential repairs TMW required a full retention. It told the broker this in mid-December 2024.

Mrs A and Mr H were unable to proceed on the basis of a full retention. They say the vendor put the property back on the market.

TMW says the full retention was in accordance with its lending policy and provided evidence to support this. That's not the issue here though. What Mrs A and Mr H say is that TMW could have told them about the full retention in October 2024, before they incurred further costs.

I don't think TMW would reasonably have known about the retention in October 2024. But I think it ought reasonably to have known about this when it received the surveyors' message in mid-November 2024 saying (in effect) the essential repair work would cost about £20,000. Under its lending policy, this would require a full retention. It seems unlikely this estimate would reduce after receipt of the second specialist report.

Initially TMW said the valuer couldn't issue a new report until they'd reviewed the concrete screening report. It said this might have meant the property was unsuitable for lending. It said telling the customer that a full retention would be imposed might have provided a false outcome.

TMW couldn't tell Mrs A and Mr H that it would lend until it received the amended valuation report. But it would have been reasonably aware that there was a strong possibility that Mrs A and Mr H, like many customers, would find it impractical to proceed with a purchase with a full retention of the mortgage funds. I think it would have been fair for TMW to make Mrs A and Mr H aware that, if it did lend, it would require a full retention. I think it should have told them (or their broker) this in mid-November 2024.

If TMW had told Mrs A and Mr H in mid-November 2024 that it would require a full retention I don’t think they’d have proceeded further with the mortgage application. I think it was unfair for TMW to ask them to provide the concrete screening report without telling them about the full retention.

Following my provisional decision, TMW agreed to compensate Mrs A and Mr H for the cost of the assignment of the concrete screening report.

Mrs A and Mr H might not have incurred further legal costs if they’d known about the full retention. But that’s not the same as finding that TMW was responsible for Mrs A and Mr H incurring the costs. it was Mrs A and Mr H’s own decision to instruct the solicitor to carry out searches before having a mortgage offer – this wasn’t requested by TMW.

Mr H and Mrs A say they incurred the costs of legal searches because they wanted to progress the purchase – the vendor wanted to complete by the end of the year. Having read TMW’s application notes I don’t think it caused delays (other than in telling Mrs A and Mr H about the full retention). TMW asked for what it needed and any delays were due to the time taken by the broker to respond and provide what had been requested, in the appropriate format. The application was re-submitted in Mr H’s sole name. The purchase price was re-negotiated. So I think there were reasons for the time taken which were not due to errors or delays by TMW. If Mrs A and Mr H felt they had to pay for legal searches before receiving a mortgage offer due to concerns about timing, I can’t fairly find TMW was responsible for this.

Taking everything into account, I think it’s fair and reasonable in the circumstances to require TMW to compensate Mrs A and Mr H for the cost of the assignment of the concrete screening report.

Mrs A and Mr H should provide evidence of the cost of the assignment of the concrete screening report and that they paid it – such as the invoice and payment receipt or bank statement. They should provide this evidence to TMW as soon as they can, but within 60 days of the date of my decision. For completeness I don’t think it’s fair and reasonable to require TMW to pay compensation to Mrs A and Mr H if do not provide evidence of the cost and that they paid it to TMW within this timeframe.

My final decision

My decision is that I uphold this complaint. I order The Mortgage Works (UK) Plc to compensate Mrs A and Mr H for the costs of the assignment of the concrete screening report (subject to them providing evidence of the costs and that they paid it as described above).

Under the rules of the Financial Ombudsman Service, I’m required to ask Mrs A and Mr H to accept or reject my decision before 18 September 2025.

Ruth Stevenson
Ombudsman