

The complaint

S, a limited company in the property business, complains that Fleet Mortgages Ltd refused an application for a buy to let mortgage. S doesn't think its application was considered fairly and wants the application fee refunded.

What happened

S applied to Fleet, via a broker, for a buy to let mortgage to fund the purchase of a property. It wanted to borrow £83,000 against a purchase price of £116,000.

Fleet considered the application and appointed a valuer to value the property. The valuer's report said that further investigation and specialist reports were required. Fleet therefore decided to decline the application.

S didn't agree. It said the valuation report was inaccurate and contradictory. Fleet said that before it could consider the application further the specialist reports set out in the valuation would need to be obtained, and they would need to be considered by the valuer.

S complained. It said it had paid a fee of £199. The valuation was incorrect but Fleet had refused to reconsider or investigate the problems with the valuation. It said that as a result it had not been treated fairly, had lost the £199 fee, and had been forced to look elsewhere for the mortgage.

Our investigator didn't think Fleet had acted unfairly, so S asked for an ombudsman to review the decision.

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.

A mortgage is lending secured on a property, so it's standard practice for a lender to require the property to be assessed by an independent valuer (generally a qualified surveyor) to make sure that the property is worth the stated amount, and to make sure there are no other problems that would make it unsuitable for lending.

In practice, most valuations are not carried out by the lender or its staff, but by a third party qualified surveyor the lender engages to carry out a report. The surveyor is the expert in assessing properties, and has had the benefit of viewing the particular property in question. So it's generally reasonable for the lender to rely on the surveyor's conclusions when making its lending decision. If the applicant for a mortgage raises legitimate concerns or questions about the outcome of a valuation, I'd expect a lender to give those fair consideration and put them to the surveyor to see if they change the surveyor's opinion. But where the surveyor has assessed the right property, has considered all the relevant information, and has given their professional opinion, then it's reasonable for the lender to rely on that opinion.

In this case, the property was valued by an appropriately qualified surveyor working for an

independent company commissioned by Fleet. The surveyor found that it was a terraced house constructed around 1900. It said a structural report and a timber and damp report was required. The valuer's findings were:

Is there any evidence of structural movement, landslip or heave in the property or the immediate vicinity? Yes

If Yes, does it appear to be longstanding and unlikely to be progressive? No

The recommendations were:

Obtain a report from an engineer or chartered building surveyor with regard to the structural condition of the property and carry out any recommendations under professional supervision.

Instruct a specialist contractor to inspect the whole property and report on internal dampness and the condition of all timbers. All necessary works to be carried out and covered by an insurance backed guarantee. This report is required regardless of any existing guarantees.

The reasons given were:

The property has suffered some movement, but this appears to be longstanding with no evidence to suggest that it is ongoing.

...

There is evidence of damp in the property. A further inspection of all parts of the property should be undertaken by a damp proofing / timber infestation contractor... Until we have had receipt of the report we are unable to comment as to whether the property is in a lettable condition.

Based on that, Fleet declined the application. It said the property fell outside its risk appetite because of the potential issues identified.

S said that there was a contradiction in the report. The valuer had answered "No" to the question on whether structural movement appeared to be longstanding, but in the comments had said that it was longstanding with no evidence to suggest it was ongoing. S also disputed the need for a damp / timber assessment. It asked Fleet to provide it with the damp meter readings.

Fleet put the point about the structural movement to the valuer. A senior member of staff at the valuation company reviewed the report and accepted that there had been a contradiction. The report should not have said that the movement was longstanding and not ongoing, because the valuer had found evidence of progressive movement to the front elevation and beneath openings. And there had been high damp readings recorded at various places on the ground floor.

Fleet wasn't willing to reconsider the application. It said it didn't have to provide the damp readings to S. It said the valuer had found potential issues with the property and it wasn't willing to take the lending risk.

I'm not persuaded that Fleet acted unfairly here. As I say, it's entitled to rely on the professional opinion of an independent qualified surveyor when deciding whether the property S has offered as security is suitable security for the lending. It put S's concerns to

the valuer, who accepted that there had been an error in the comment about the movement, but clarified that there were concerns about structural movement as well as damp.

I don't think Fleet was required to provide the damp meter readings or other details to S. Fleet, not S, was the valuer's client and the report was prepared solely for the benefit of Fleet and to advise Fleet on whether the property was suitable security for lending. It wasn't to advise S about the condition of the property or the wisdom of purchasing it. The valuer had carried out an inspection, as a result of which they had raised legitimate concerns, which it was reasonable for Fleet to take into account.

For those reasons, I don't think it was unreasonable that Fleet refused S's mortgage application because of concerns about the property. And I don't think it ought fairly to have refunded the application fee. It made clear the fee was payable on application, whatever the outcome of the application. S therefore knew that it was taking a risk in paying the fee. That's part of the costs and risks that come with being in the property business.

My final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask S to accept or reject my decision before 5 January 2026.

Simon Pugh
Ombudsman