

The complaint

E, a limited company, complains that The Mortgage Works (UK) Plc caused delays with a mortgage application. This resulted in costs and lost profit.

E is represented by its director, who I'll refer to as Mr W. Mr W asks for compensation for E's direct and consequential financial loss.

What happened

Two mortgage applications were submitted to TMW on behalf of E in late 2023, for loans secured on two properties (which I'll refer to as property A and property B). The funds were to be used to refinance a bridge loan which was secured on property A, property B and a third property. The bridge loan was due to be repaid in May 2024. Mr W says E planned to repay it in mid-February 2024.

TMW issued mortgage offers for property A and property B on 20 December 2023. Mr W says he relied on this when making plans. He says TMW cancelled the mortgage offer for property A on 29 December 2023, due to issues with the valuation.

TMW says the valuer initially did a desk top valuation of property A, which it should not have accepted. Following a physical valuation of property A the valuer said a structural engineer's report was needed. The structural engineer identified problems that required immediate work to the property. TMW said it would only lend with a full retention.

Mr W says E was unable to repay the bridge loan without remortgaging property A. In April 2024 the bridge loan provider agreed to extend the bridge loan. E made part repayments of the bridge loan in April 2024 to reduce the balance. It repaid the remaining balance of the bridge loan in early June 2024, when the re-mortgage of property B completed.

TMW says the error with the valuation resulted in delays. It offered £500 compensation plus about £960 for the higher interest cost of the bridge loan (as compared to the cost of the mortgages on property A and property B) between mid-February 2024 and early June 2024.

Mr W says this isn't enough. He said he'd relied on the refinancing to repay the bridge loan in February 2024. Mr W said the reversal by TMW happened too late in the process, after E had incurred substantial costs and too late to arrange alternative finance to repay the bridge loan. He said E had committed available capital to the purchase of another property, which meant it couldn't repay the bridge loan without the mortgage on property A.

Mr W says E incurred additional costs of about £30,000 related to the bridge loan and missed investment opportunities which would have generated returns of about £100,000.

Our investigator said TMW's offer to put things right was fair, in the circumstances.

E didn't agree and asked for an ombudsman to re-consider the matter.

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.

E applied for the mortgage with TMW, and so E is the eligible complainant under our rules. E is a limited company and as such it doesn't feel upset or distress. I can't usually award compensation for the upset or loss of a third party – such as Mr W. So what I'm considering here is whether TMW made an error that caused financial loss to E.

I should also say that where the evidence is incomplete or contradictory I make my decision on the balance of probabilities – that is, what I think is most likely to have happened based on the available evidence.

TMW says the valuer it instructed initially did a desk top valuation of property A. This was an error as a physical valuation was required. TMW ought to have noticed the error in December 2023. Instead, it issued a mortgage offer which it later withdrew.

The problem with the valuation led to a delay in TMW giving E a lending decision. The physical valuation of property A was carried out in early February 2024. This said a structural engineer's report was required. TMW asked E for this in mid-February 2024. It also said it might not lend if structural work was required. E provided a structural engineers report dated 1 March 2024. This said work to property A was needed. TMW said it was prepared to lend but only with a full retention.

TMW is entitled to instruct a valuation, to help it decide whether a property is suitable security for a loan. It's entitled to rely on the expert opinion of the valuer, and in this case the structural engineer. I don't think TMW made an error or treated E unfairly when it asked for a physical valuation, a structural engineers report or when it relied on the reports to make a lending decision.

Mr W said by the time TMW provided a lending decision E had incurred substantial costs. Mr W didn't provide evidence of these costs. If he's referring to the cost of the structural engineer's report I don't think this was incurred due to an error by TMW. As I said, TMW was entitled to ask for the report to assess whether the property is suitable security. This would have been the same if a physical valuation of property A had been carried out at the outset. It was for E to decide whether to obtain the report, and pay the related costs, in order to proceed with the mortgage application.

If TMW had spotted the error and asked for a physical valuation of property A in December 2023, I think it would have given E a lending decision sooner. The timing would depend on the availability of the valuer and structural engineers at that time, taking into account holidays over the Christmas and new year period. I think it's reasonable to assume TMW might have been in a position to give E a lending decision by mid to late January 2024.

E intended to use the re-mortgage funds to repay a bridge loan in mid-February 2024. E had taken out the bridge loan in May 2023 for a 12-month term. Interest was paid in monthly instalments with a final payment due on the repayment date of about £230,000. The mortgage for property A was about £86,000. The mortgage for property B was about £106,000. Mr W hasn't said how E intended to fund repayment of the remaining balance.

Mr W says E couldn't repay the bridge loan without the remortgage of property A. He says E's only option was to extend the bridge loan, and incur the related costs.

While I understand Mr W is frustrated that he had to change plans, I don't think matters

would have been substantially different if TMW had given E a lending decision in mid to late January 2024. That's because I think it's unlikely the work to property A would have been done in time for the remortgage to complete so that the bridge loan could be repaid in mid-February 2024. I've taken into account here that E made a new mortgage application for property A in May 2024. The mortgage didn't complete until some months later.

Mr W says if the mortgage had been declined at the outset E would have used its available funds to repay the bridge loan. He says because of TMW's last minute withdrawal of the mortgage only days before completion, E didn't have funds to repay the bridge loan: its funds were committed elsewhere. Mr W didn't provide evidence to support this. He didn't provide evidence such as accounts or bank statements showing that funds were available to repay the bridge loan or legal agreements showing how or when these funds were committed elsewhere.

Mr W told us that the mortgage offer for property A was withdrawn on 29 December 2023 – this was nine days after the mortgage offer was issued. Mr W didn't provide evidence that it was during this period that E committed to using its available funds elsewhere.

E has a property business, so its director would know that without a mortgage offer he couldn't be sure that the re-mortgage of property A would complete by mid-February 2024, or at all. Mr W was entitled to decide how to use E's funds – that's a business decision for E's director to make. But TMW isn't responsible if Mr W decided to commit E's funds elsewhere despite being aware that this might mean it didn't have funds to repay the bridge loan in February 2024.

I'm not persuaded E would have been able to source a mortgage on property A elsewhere in time to repay the bridge loan in mid-February 2024, given the problems with the property that were identified.

Overall, I'm not persuaded that the only or the main reason E didn't repay the bridge loan in February 2024 was the delay in TMW providing a lending decision.

Mr W says because of TMW's error, E missed out on the opportunity to purchase new properties. Mr W says he had to use over £80,000 earmarked for other projects to repay the bridge loan. He says he wouldn't have agreed to purchase another property if he'd known in December 2023 there'd be a problem re-mortgaging property A. Mr W didn't provide evidence of when E exchanged contracts for the purchase of this property. He hasn't provided evidence of the investment opportunities E missed or how he calculated lost returns of some £100,000.

Mr W says E incurred over £30,000 in additional interest and other costs related to the bridge loan as a result of TMW's error. As I said, I don't think TMW's error was the reason that E didn't repay the bridge loan in mid-February 2024. And it's difficult to work out how Mr W arrives at costs of £30,000. Based on the loan agreement Mr W provided, there was a fee of about £4,000 to extend the bridge loan, legal fees of about £600 and E had to pay interest of about £2,500 per month. The bridge loan was repaid in early June 2024.

While E made capital repayments to reduce the balance of the bridge loan that's not a loss to E, as this money was used to repay a debt owed by E.

Mr W didn't provide evidence that TMW's error had caused reputational damage to E. While he says E's business has been affected by the time he's spent dealing with this complaint, he didn't provide evidence of how this caused loss to E or the amount of such loss.

TMW accepts it caused a delay in it giving E a lending decision. It offered £500 as an

apology and £961.16 for E's additional interest costs. It calculated the additional interest as the difference between the cost of the interest on the bridge loan and the cost of the two mortgages for property A and property B between mid-February 2024 and early June 2024.

While Mr W says E had significant direct and consequential loss due to TMW's error, he hasn't provided evidence that supports this. While I don't think TMW's error caused the levels of financial loss claimed by Mr W, I do think it caused inconvenience to E's director and this is something that TMW can compensate E for. The delay in TMW giving E a lending decision meant Mr W had less time to consider other ways to repay the bridge loan and achieve E's business aims.

When considering what compensation is fair, I've taken into account that E buys and lets out property as its business. Its director would have been aware that there can be problems in securing a mortgage and plans might have to change. Dealing with this is part of managing the business.

I think the compensation offered by TMW is fair and reasonable for the inconvenience its error caused to E's director and the impact this had on E's business. It follows that I don't think it's fair and reasonable to require TMW to pay further compensation to E.

My final decision

My decision is that The Mortgage Works (UK) Plc should pay £1,461.16 to E, as it offered to do.

Under the rules of the Financial Ombudsman Service, I'm required to ask E to accept or reject my decision before 12 November 2025.

Ruth Stevenson
Ombudsman