

The complaint

Mr M complains that when he asked Nationwide Building Society trading as The Mortgage Works (UK) Plc ("TMW") to extend the term of his buy-to-let, interest-only mortgage, it said no. Mr M said TMW had failed to resolve concerns about commercial usage of the property.

What happened

Mr M's buy-to-let, interest-only mortgage with TMW was due to end in summer 2025. But he said TMW refused to extend the term of his mortgage, because when it inspected the property it thought it was being used for commercial purposes. Mr M said no one actually valued the property. TMW wouldn't send him the photos taken of the property. And Mr M said if the tenants wanted to carry on business and earn a living, that was a good thing.

Mr M said he kept trying to contact TMW to resolve things, but he said it repeatedly failed to respond to him. He was worried he would have to evict the tenants, but he said all he got from TMW was a letter asking him to provide a written statement from the local council saying there was no commercial activity at the property. Mr M said he had to borrow money from family to pay off the mortgage.

Mr M said the property was valued at more than three times what he wanted to borrow, but TMW wouldn't help. And he said he would have to repay the money he'd borrowed within a couple of years, so the tenant family faced being evicted then.

TMW said Mr M's mortgage term was due to expire on 31 July 2025. He had an interest-only mortgage, so payment of the full balance would be due then. On 3 February 2025 Mr M applied to extend his mortgage term for a further 10 years. He had a fixed interest rate product which expired before the end of his mortgage term, on 30 April 2025.

TMW said it arranged for the property to be valued, and the valuer who visited took pictures of what he felt was evidence of commercial usage of the property. The valuer then said the property didn't meet TMW's lending criteria. He could see that from outside the property, so didn't go inside.

TMW said it reviewed the valuation information, and decided it couldn't support Mr M's request to extend his mortgage term. TMW said its underwriters don't speak directly to customers, so Mr M couldn't discuss this with them, but it felt it had explained to Mr M why his term extension request had been turned down. It was sorry it had told Mr M he would receive a response from the underwriters in two working days, they don't work quite that quickly. It offered Mr M £50 to say sorry for that.

TMW said it had emailed its final response to Mr M on 19 March 2025, then sent this to him again on 10 June 2025 when Mr M said he hadn't received it.

Our investigator didn't think this complaint should be upheld. She said although Mr M told us he'd never intended to pay this loan off when the term ended on 31 July 2025, he had agreed to do that when he first took this loan out. TMW didn't have to extend the term of the mortgage, and it would review any such request against its lending criteria. Here, TMW had

asked for a valuation, and then relied on the evidence in that valuation, that the property was being used for commercial purposes. That fell outside of TMW's lending policy, so it wouldn't extend the term. TMW then reviewed that decision, but didn't change its mind.

Our investigator didn't think TMW had to facilitate Mr M speaking directly to the underwriter about this. She thought TMW's offer of £50 to make up for not providing a response within two working days, as it had suggested, was fair.

Our investigator said she understood the decision not to extend Mr M's mortgage was disappointing, but she didn't think it was unfair

Mr M wrote to strongly disagree. He said we hadn't made clear whether we'd seen the photos of the property, and he didn't think TMW had supplied evidence of what it claimed. Mr M also said we hadn't looked at the emails he sent to TMW, in desperation, trying to resolve things, which it ignored. Mr M said if we'd looked at the loan to value, we'd have seen he only wanted to borrow a fraction of what the property was worth. He said that we'd decided what was happening at the property was a commercial activity, with no evidence.

Mr M felt if this had been considered by a senior manager in TMW, it could all have been sorted out.

Our investigator replied to say she had seen the photos, and she also noted that Mr M had confirmed his tenants were working from the property. She said TMW was entitled to rely on the professional opinion it had received. Its decision wasn't based on the loan to value, it was based on its lending criteria, and she still thought the decision was fair.

Mr M replied again, to say he still thought things could have been sorted out if TMW had engaged with him, and he didn't think £50 was enough to make up for what had gone wrong.

Our investigator replied again, to ask what sort of agreement Mr M thought could have been reached, to bring the property within TMW's lending criteria, but Mr M declined to respond. He said we should be asking TMW, not him, to see what opportunity it gave him to put things right, and how it had taken his customer loyalty and payment history into account. He said TMW failed to offer any resolution, like a month to do required works, or anything like that.

Because no agreement was reached, this case was passed to me for a final 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.

I've reached the same overall conclusion on this complaint as our investigator.

This is a buy to let property. So the mortgage isn't on Mr M's home, and it's treated differently to residential mortgage lending. The starting point here is that Mr M's mortgage was due to end on 31 July 2025, and payment of the full balance was due then. I understand Mr M didn't intend to repay the mortgage, but as our investigator noted, that is what he had agreed to at the start of this lending. And unless he and TMW jointly agreed to something different, Mr M would need to find those funds in July 2025.

Mr M asked TMW to extend the term of his mortgage, allowing him a further ten years before he had to pay the money back. TMW asked a valuer to look at the property, and once it had the valuation report, it said no.

Mr M has said a number of times that he hadn't seen the photographs of the property which TMW's valuer took. I can see that an email sent to Mr M on 12 March 2025 explained why the valuer said TMW shouldn't agree to Mr M's new lending request. The quote from the valuation report explains why the valuer thought there was evidence of commercial usage at the property, and said "*please refer to the photographic evidence within*". I think Mr M understood TMW had intended to send this photographic evidence to him, but it looks to me as if TMW was just quoting from the valuer's report, which did include this evidence.

For the avoidance of doubt, I have seen these photos, and our service can send them to Mr M if he wishes. However, it appears from the response that Mr M sent TMW at the time, as if he was already aware of this situation.

TMW records it received the following in a response from Mr M –

"Dear Sirs

Please be advised of the following:

-There is NO commercial use at this property.

...

-The council have visited the property, and they are satisfied that there is no commercial activity taking place at the property."

So it seems as if Mr M was already aware that questions had been raised over whether the property had been put to a commercial use, if he knew the council had visited the property about the same issue.

I can see on 26 March, TMW wrote to Mr M again. Its response included further details of why it thought there was commercial activity at the property. Importantly, TMW also offered to reconsider the position if Mr M could show it that the council visit he'd mentioned had happened recently, and the council didn't think there was commercial activity at the property.

TMW sent Mr M this –

"The information and photographs provided by the inspecting surveyor indicates the property may be being used in a commercial context with [details of the activities noted]. Properties with evidence of this type of commercial usage fall outside of the lenders requirements for suitable lending and as such the property is also unsuitable for a term extension.

We would however be willing to review the report provided by the council as per the members response stating that they are satisfied that there is no commercial activity taking place at the property, however the council visit must have been completed within a very recent timeframe and the report should confirm they had sighted similar usage of the external areas of the property as the inspecting valuer had ... and a clear statement that there is no commercial activity taking place at the property.

Please, to continue with the term extension, provide us a report from the council as mentioned by the valuers team to get the valuation report amended."

So I think TMW had responded to Mr M's concerns, providing further details of its reasoning, and offering to review this if Mr M could show the council had no concerns about the use of the property, as he'd claimed.

I've also viewed TMW's current lending criteria. These are available online, and include the following –

“We won't accept properties where their proximity to commercial or adverse uses could result in noise, smell or other disturbances likely to impact demand and marketability”

I think it was reasonable for TMW to have accepted the valuer's recommendation here, that it not lend on this property. I note that, although TMW did offer to reconsider its conclusions if Mr M showed it the council didn't think this was commercial use, it only had to be able to show that the existing usage of the property was *“adverse use ... likely to impact demand and marketability”* in order to say that this property fell outside of its lending criteria.

I understand Mr M would have been disappointed by TMW's decision, but I think its decision not to extend the term of Mr M's lending was fair and reasonable, and in line with the publicly available lending criteria which I have seen. I don't think TMW had to take the loan to value into account, and decide to lend on a property which, in my view, did fall outside of its reasonable lending criteria.

I know Mr M says TMW didn't engage with him to solve this problem, but I think it did provide a further explanation of why it was concerned. And it also offered to reconsider its conclusions, if he sent it evidence to back up what he'd said about the council's lack of concern over how the property was being used. I don't think TMW had to go further than this, and suggest ways Mr M could bring the property within its lending criteria, or allow time for those changes to be made. I think it had clearly explained why it had reached its decision, and suggested evidence Mr M could provide to change its conclusions. I think it was then for Mr M to decide how he wanted to respond.

I understand Mr M borrowed money privately, then cleared the mortgage.

I do think that TMW responded fairly, and in a reasonable timescale, to Mr M's queries. I note TMW did raise Mr M's expectations of a very quick response from its underwriters. It has offered Mr M £50 to say sorry for this. I think that provides a fair and reasonable outcome to this part of Mr M's complaint, so I'll ask TMW to pay that money to Mr M now, if it hasn't done so already.

I know Mr M will be disappointed, but I don't think TMW has to do more than that.

My final decision

My final decision is that Nationwide Building Society trading as The Mortgage Works (UK) Plc must pay Mr M the sum of £50 in compensation that it previously offered, if it has not done so already

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 1 December 2025.

Esther Absalom-Gough

Ombudsman