

## **The complaint**

Mr G and Mrs G have complained about what happened when they applied to Castle Trust Capital PLC (“CTC”) for a commercial bridging loan. They’ve said CTC wasn’t transparent, recorded incorrect information and kept asking for more information. Mr G and Mrs G say they lost trust in CTC and so withdrew the application, but they incurred costs.

Mr G and Mrs G have been represented in bringing this complaint by a family member. For ease I will simply refer to Mr G and Mrs G in this decision, but that should be taken to mean the family member acting in that capacity where appropriate.

## **What happened**

I won’t detail all the contact between the various parties here as it is extensive. Instead, I will focus on just some points to show the general timeline.

On 4 June 2024 a broker acting on behalf of Mr G and Mrs G contacted CTC to enquire about a joint commercial bridging loan to be secured against two properties.

CTC chased Mr G and Mrs G’s broker for an update on 14 and 24 June, and then on 25 June 2024 Mr G and Mrs G’s broker submitted the application. The application stated the security was to be over two properties, one that was already owned by Mr G and Mrs G, and the other was to be purchased. The broker said although the loan was to be in joint names, the new purchase would be made in Mr G’s sole name. The loan amount requested was £840,000 over an 18-month term.

Valuations were instructed on the properties, and further information was requested.

On 16 August 2024 CTC told the broker that the terms on which it was willing to lend had changed after reviewing the valuation reports. It provided the updated terms and asked the broker to confirm that Mr G and Mrs G were willing to proceed on that basis.

A loan offer was issued on 20 August 2024.

Over the next week or so there were discussions about how to challenge the rental figures given on the valuation report as the broker had provided asking rents as comparables but was told the figures needed to be figures from actual agreed lettings. CTC also asked the broker for further clarification on some points around Mr G’s employment. The broker provided that information, including Mr G’s income now he was solely self-employed and on 9 September CTC provided updated terms based on the fact Mr G was no longer a higher rate taxpayer.

On 10 September the broker confirmed Mr G and Mrs G were willing to proceed on the revised terms, and the following day information was issued to the solicitor about the change of terms.

There then followed discussions between CTC and the broker as Mr G and Mrs G wanted some of the wording of the loan agreement amended, which CTC wasn’t willing to do.

Over the next few weeks there were discussions about the searches needed for the properties. There was also a question about Mrs G's need for independent legal advice, or whether she could be added to the title for the property being purchased so both properties would be held in joint names. CTC said that if Mr G and Mrs G wanted to make changes those would need to be formally requested by the broker. It also said that the rate had expired on 26 September and hadn't been extended as there had been no movement on the application.

On 11 October 2024 CTC was told that Mrs G was now to be a joint owner of the property being purchased. CTC said that upon receipt of the updated contract showing that, it could satisfy the condition and no new offer would be needed.

On 23 October 2024 CTC was told that Mr G and Mrs G were reluctant to provide some of the information that had been requested by CTC's solicitor. The email said Mr G and Mrs G now wanted the loan to be split into two parts and a Ltd company was to be set up to purchase the new property with the existing property remaining in Mr G and Mrs G's personal names.

CTC said that would mean the current application would have to be closed and two new applications submitted to be looked at from scratch with fresh underwriting. It said it had already restructured the deal multiple times and now further changes were being requested. It said it was happy to accommodate things, but it didn't want to be in the same position in another three months when the valuations expired. It also reconfirmed the offer had expired and said it needed a clear indication that completion is imminent for it to be extended.

On 31 October CTC was notified that the application wasn't proceeding as Mr G and Mrs G couldn't comply with CTC's requirements. CTC asked what requirements couldn't be complied with, but that information wasn't forthcoming.

Mr G and Mrs G raised a complaint with CTC, and unhappy with the initial response they asked that some specific points be looked at. CTC issued a further response to the complaint. Neither response letter upheld the complaint.

Our Investigator didn't uphold the complaint. He said that as things came to light CTC needed to ask for further information, and whilst he acknowledged the addendum that was provided on 2 October could have been requested sooner, he didn't think that caused a material delay or led to Mr G and Mrs G's decision to withdraw from the application.

Mr G and Mrs G didn't agree and so the case was passed to me to decide.

### **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.

Although I've read and considered the whole file I'll keep my comments to what I think is relevant. If I don't comment on any specific point it's not because I've not considered it but because I don't think I need to comment on it in order to reach the right outcome.

Mr G and Mrs G have said that some of the information our Investigator set out in their assessment of the complaint was incorrect. I won't go into every point here, but as a few examples Mr G and Mrs G have said *"the loan was in sole name at the start of the process, the asset to be used as security was held as a Tenancy in common"* and *"it was always the intention to modernise the property and not to have HMO."*

But the original application form submitted by Mr G and Mrs G's broker on 24 June 2024 is for a loan in joint names, to be secured over two properties. One property was to be purchased for £640,000 and the other was already owned, with the remainder of the funds for renovations. There was then correspondence between CTC and the broker, where the broker said *"Also, just to note, although the application is in joint names the purchase will be in the name of [Mr G] solely."* And the broker also originally said the property was to be converted from a house into flats *"which will be a conversion from a residential house into two flats; one three bed and one 2 bed"*. It was only on 28 June the broker said the property was now to remain as a house *"Sorry, just to confirm the house will be refurbed now so No planning will be required."* With CTC confirming on 1 July that the property was now to remain as a house, rather than being converted into flats.

I understand Mr G and Mrs G feel that the loan agreement should have been amended when Mr G left his employment and went to being just self-employed, but when CTC queried this it seemed the part of the agreement Mr G and Mrs G were unhappy with was in the standard 'Borrower Consents' section. That said *"You give your authority to your employer, any credit referencing agency and any existing mortgagee to disclose such information as we may request during your application process and on future occasions to enable appropriate servicing of the Loan."*

That isn't an unusual clause in a loan contract and didn't need to be amended when the nature of Mr G's employment changed. That clause would have been the same even if he'd been wholly self-employed from the start as it is standard wording that is used. That isn't CTC not being honest and transparent as Mr G and Mrs G have said, but it is Mr G and Mrs G seemingly misunderstanding what that section was for. It wasn't saying Mr G was employed by a third party, just that CTC had the authority to contact any employer (if there was one). If Mr G remained self-employed then he could disclose any required information himself (or through his accountant if required) as he was his own employer, and if he later became employed by a third party then it would give authority for that third party to provide the information. This is a standard part of the contract and so there was nothing that needed to be amended when Mr G left his employment and became solely self-employed.

In their original complaint Mr G and Mrs G said CTC hadn't given written acknowledgement of Mr G's change to self-employment even though the draft contract stipulated any changes in the circumstances of the applicants had to be stated, if not a breach would be created and the loan could be called in. But the loan had been re-underwritten on the basis that Mr G was now solely self-employed so there wasn't a change in circumstances that would create a breach as the loan had now been agreed based on his new circumstances. The condition in question relates to undeclared changes that would impact the lending decision so, for example, if Mr G had lost his job and had no income, but hadn't told CTC that and, due to the lack of income, CTC was now unwilling to lend (I simply use that as an example, not to say that was the case). Here CTC knew about Mr G's change in circumstances and had underwritten the loan on that basis, agreeing to lend.

Mr G and Mrs G have also said that Mrs G was instructed to obtain independent legal advice, but CTC didn't accept the firm she had used. I understand the firm Mrs G obtained legal advice from had only one Solicitor Regulation Authority manager, and CTC required a minimum of two as part of its policy.

Mrs G also needed legal advice on two separate issues. The first being that she was signing the mortgage deed for the existing property as a co-owner and co-borrower. That's because the solicitor that was noted as acting for Mr G and Mrs G said they were only acting for Mr G, so Mrs G needed her own legal advice about the implications of signing a mortgage deed for the existing property. Had Mr G's solicitor confirmed they were also acting on behalf of Mrs G in respect of the remortgage of the existing property then she wouldn't have needed her

own separate legal advice on that issue. The second issue was that she would be signing a mortgage deed for the new property, and for that whilst she would be a co-borrower, she wasn't going to be a co-owner. For that she always needed independent legal advice. Those are two separate legal issues that Mrs G needed advice on and I can't hold CTC liable for the advice Mrs G receiving not being acceptable to CTC.

The gift letter was needed as the balance of the purchase price for the new property was coming from the joint loan (that is, Mr G wasn't putting the funds down himself for the deposit from his own means) so CTC needed Mrs G to sign a document setting out certain information (as per the gift letter). Mrs G needed to sign a gift letter in the format that was acceptable to CTC; that is entirely normal, and what I would expect to see.

At no time did CTC force Mr G and Mrs G to add Mrs G's name to the intended property purchase. That was a choice Mr G and Mrs G made, seemingly at a time CTC was just awaiting the final legal work to be undertaken so the loan could complete. Unfortunately, when that request was made, it changed the nature of the lending and therefore legal work required. CTC was within its rights to accept its solicitor's guidance on what additional work would be needed. If Mr G and Mrs G didn't want that, then they had the option to instead revert to their original plans (that is, Mrs G not being a co-owner of the new property) and instead satisfy the requirements for that lending proposal.

Mr G and Mrs G then proposed changing the lending proposition again, this time more substantially by splitting the loan in two, with a Limited company Special Purpose Vehicle being set up to purchase the new property and the existing property remaining in Mr G and Mrs G's personal names. CTC said that would mean closing the current application, and two new applications would need to be submitted with underwriting to then be carried out from scratch. Mr G and Mrs G then chose to withdraw their application entirely.

I understand Mr G and Mrs G were unhappy about the valuation reports, and the appeal process. I can understand why it would be disappointing to learn that the rental value as assessed by the surveyor was lower than they'd hoped. However, it is not within the remit of our service to decide whether an accurate valuation has been reached. I'm limited to considering the actions of CTC during this application and valuation process and deciding whether it has treated Mr G and Mrs G fairly and reasonably.

CTC doesn't have the expertise to value property, so it employs the services of a surveyor. When doing so, it's obliged to instruct a suitably qualified surveyor – a requirement that was fulfilled in this case by appointing a member of the Royal Institution of Chartered Surveyors. CTC is not accountable for any act (or omission) by the surveyor or the firm they work for. That means I can't consider a complaint about the contents of the valuation report (that is, whether there are any inaccuracies or omissions, and the figures given) as the surveyor isn't covered by our jurisdiction.

When Mr G and Mrs G disputed the valuation, I'm satisfied CTC gave them a fair opportunity to raise their concerns, and passed the challenge to the surveyor for comment. It's the job of the surveyor to complete an independent valuation based on their own opinion and comparable properties. When Mr G and Mrs G challenged the valuation, the surveyor remained satisfied that the valuation had been reached by the most relevant and robust comparable transactions in the immediate locality. Whilst I appreciate Mr G and Mrs G don't agree with it, I wouldn't expect CTC to question the reliability of the valuation beyond the challenges that were made here.

In a recent submission Mr G and Mrs G have said that CTC requested that the existing property be signed over to it before the loan could progress, but that isn't supported by the evidence and would be incredibly unusual. The loan was to be secured on both properties –

the new purchase and the existing property – but CTC didn't ask that any property be either signed over to it, or that the loan couldn't be progressed until that was done. It seems Mr G and Mrs G wanted to borrow 100% of the new property purchase price, plus more to renovate it, and that could only be achieved if they put up a second property as security. But that isn't the same as signing over the property to access the money, it is simply putting a property forward as security for a loan, just like what would happen with any secured loan application like this. There are obvious risks with that, as if Mr G and Mrs G defaulted on the loan then CTC could take either, or both, properties into possession to sell. But that was the loan proposal put forward by Mr G and Mrs G's broker and that was underwritten by CTC. It wasn't something new CTC introduced at the end of the process. If Mr G and Mrs G didn't want to put their existing property at risk, then they needed to find a way to fund both the deposit for the purchase of the property, and all the renovations, themselves without recourse to secured lending.

I understand Mr G and Mrs G were uncomfortable with the addendum that was put forward on 2 October 2024, but there's nothing in that which weren't things Mr G and Mrs G shouldn't already have been planning to do, such as only carrying out the works they had consent for, obtaining a Party Wall Act surveyor's opinion, and ensuring the works are completed in a proper manner and within the timescales required for this loan to be repaid on time (for example). Mr G and Mrs G were asking CTC to lend them a substantial sum of money, some of which was to be secured on a property that, by their own admission, Mr G and Mrs G were intending to renovate. The risk with a property that has been partially renovated, with the works either being incomplete or completed poorly, is that the value can decrease, so CTC was within its rights to want to build in some terms to try to protect itself in that eventuality. Again, that isn't unknown in commercial lending agreements like this where a renovation is being undertaken.

And in respect of the T6 property information form, whilst Mr G and Mrs G may feel it was unnecessary, CTC didn't agree and it wanted it completed. There was nothing in that form that Mr G and Mrs G wouldn't have been able to answer as it related to the property they already owned, and if any questions weren't applicable, they simply needed to mark them as such.

I appreciate Mr G and Mrs G are unhappy about the information CTC requested. But this was a commercial transaction. No lender is ever required to lend, and it's fair and reasonable for a lender to assess what it's told and take into account the results of its own underwriting checks, lending criteria and risk appetite. Before it would lend, CTC wanted certain information and documentation, and it also needed to be satisfied with the information it was given and put certain loan terms in place. I'm not persuaded that was an unreasonable decision and that it wasn't open to CTC to make.

I don't therefore think that CTC acted unfairly in what it required to allow it to lend – even after it had issued an offer letter. As a result, I don't think it would be fair to require CTC to compensate Mr G and Mrs G for any losses they may have incurred because the loan didn't go ahead due to Mr G and Mrs G choosing to pull out. Those are costs incurred in their business, spent in the hope (but not the certainty) that they would in due course be able to profit from the property they wanted to buy with the loan. But no lending is ever guaranteed, and costs incurred as part of a loan application are costs at risk and part of the costs of doing business. CTC was ready for the loan to complete if the final legal aspects were completed, it was Mr G and Mrs G that chose to withdraw their application.

### **My final decision**

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G and Mrs G to accept or reject my decision before 20 March 2026.

Julia Meadows  
**Ombudsman**