

The complaint

This complaint is about a buy to let (“BTL”) mortgage application made to Paragon Bank Plc by M, a limited company. The complaint has been brought by Mr M in his capacity as its director. Any mention of Mr M in this decision should be taken in that context.

Mr M says Paragon took the £299 application fee and then put different obstacles in the way, asking for more information, dragging the process out and then saying it wouldn’t offer the mortgage unless all the information was provided.

What happened

Paragon received the application from M’s broker on 18 February 2025, and confirmation was sent to the broker on 24 February setting out Paragon’s requirements.

Some information was received and on 20 March Paragon responded to request some outstanding information. It had concerns about the information that had been provided around M’s trading and Mr M’s income. It said M had made losses for the last two years, despite Mr M only taking an income of around £6,500 and £9,150 in the two years respectively. It also said that due to the rental income it was only willing to lend around £145,600 rather than the £152,000 Mr M had requested and he’d said was outstanding on his current mortgage on that property.

Unfortunately, between 4 April and 14 April M’s broker and the Paragon underwriter struggled to speak to each other, with each missing the other’s calls and/or requesting call backs. The two managed to speak to each other on 14 April, with the underwriter explaining their concerns about M’s trading figures and Mr M’s income at that time.

Mr M raised a complaint on 15 April, and despite not being normal practice where a broker is involved, the underwriter spoke directly to Mr M on 16 April at which time it seemed Mr M was looking at different tax documents to those which had been submitted to Paragon as the note from the underwriter states the figures Mr M was quoting were very different to those that had been submitted as part of the application.

As Paragon wasn’t willing to proceed until it had received answers to the questions it had raised, Mr M chose to remain with M’s current lender for that property and instead take a new interest rate product with that company.

Paragon responded to the complaint on 13 May and said it had assessed the mortgage application in good faith and had not caused any intentional delays. It said that it hadn’t been provided with the information needed to assess M’s application, and the £299 application fee was non-refundable.

Mr M referred the complaint to our service saying it had caused him a large financial loss including the £299 fee and the fact he spent two months on the variable rate with his other lender.

Our Investigator didn't uphold the complaint. Mr M 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 M has said M's broker double checked before the £299 application fee was paid that there was no minimum income requirement, and that's correct. But there being no minimum income requirement doesn't mean a lender won't still assess the affordability of any application, and as part of that it needs to look at both the trading figures of the limited company that had applied for the mortgage and the director's income.

Paragon's underwriter had concerns about the information that had been provided about M's business and Mr M's income as, it said, the information provided showed that M had made a loss for the last two years despite Mr M only taking a minimal income from the business. It also had some other concerns and questions that were set out in the letter of 20 March (and reiterated in the letter of 6 May). So Paragon wasn't holding M to a minimum income requirement as Mr M seems to think, instead the information that had been provided led it to have some concerns about the business and, therefore, whether the mortgage would be sustainable.

I appreciate Mr M feels Paragon was being unfair. But it isn't my role to tell lenders whether to lend – or how much to lend - to particular consumers. Lenders are able to use their commercial judgement to decide how much, if anything, to lend to consumers. My role is to ensure such judgement is applied fairly and reasonably; it isn't to substitute my judgement for the bank's.

In this case, Paragon had concerns about some of the information it received, and it was entitled to query that so it could be satisfied this mortgage met its lending criteria and was affordable and sustainable. I'm satisfied Paragon didn't act unreasonably in being unwilling to take M's application forward until those issues were resolved.

Paragon's tariff of fees which forms part of its product guide explains the £299 application fee is non-refundable, and it was the responsibility of M's broker to ensure Mr M was aware of that before the application was made.

I am sorry to disappoint Mr M, but, for the reasons given above, I'm unable to uphold this complaint and there are no grounds for me to order Paragon to either refund the application fee or make any payment of compensation to M.

My final decision

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask M to accept or reject my decision before 10 April 2026.

Julia Meadows

Ombudsman