

The complaint

Mr K complains about problems and delays by The Mortgage Works (UK) Plc regarding a part redemption of a commercial mortgage to allow him to sell part of the security property.

What happened

Mr K took out a commercial mortgage with TMW in 2007 to buy a freehold property which contains five flats. The flats don't have separate legal titles. TMW's charge is on the freehold property.

In late 2023 Mr K contacted TMW to ask about the steps involved in selling one or two of the flats. TMW gave Mr K incorrect information, which was the subject of a previous complaint to this service in late 2024.

Since then, Mr K has continued to discuss with TMW what steps he needs to take so that he can sell individual flats. In particular, how much of the mortgage balance he'd have to repay to sell two specific flats. TMW provided figures for these two flats in March 2025. Mr K was unhappy with the amounts and asked for figures for all five flats. In April 2025 TMW provided a table showing the release figures for each of the five flats.

Mr K says these amounts are not fair and proportionate. He doesn't agree with the loan to value used by TMW. Mr K is unhappy that the release figures for the five flats add up to more than the outstanding loan balance.

TMW issued a final response in May 2025. It said it had already reduced the release figures and wouldn't lower them further. TMW confirmed that when Mr K sells the last flat he'll repay the remaining mortgage balance (not the release figure). It offered £300 for delays in responding to Mr K. Mr K said he'd accept this if TMW paid his additional legal costs, as it had offered to do in a previous final response letter. TMW didn't agree and Mr K brought the complaint to us.

I sent a provisional decision to the parties setting out why I intended to uphold part of Mr K's complaint.

I said the way TMW had calculated the release figures was reasonable and allowed Mr K to create a leasehold title and sell the flats one at a time, in whatever order he chose. While TMW had caused some delays in providing the release figures, I thought its offer of £300 was fair for the impact this had.

I said TMW should fairly compensate Mr K for the additional legal costs he incurred due to TMW's errors.

TMW agreed, on the basis Mr K provide proof of when he paid the solicitors fees, and that this would draw a line under the matter. Mr K also agreed and provided a screen shot of his bank statement showing the payment to the solicitors.

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.

Mr K's complaint that TMW didn't pay his additional solicitors costs

In a final response issued in May 2024 TMW offered to pay Mr K compensation of £1,000 "plus cover any additional solicitors fees incurred due to these errors". The May 2024 final response letter said TMW was taking steps to facilitate the redemption of the mortgage to allow the sale of individual leases. The letter said "Once this case has completed, please forward me the invoice for the additional solicitors fee incurred and I will action these costs".

To add context, TMW also sent an email to Mr K in May 2024 saying:

"I have spoken to my manager regarding the offer of compensation...She has agreed to increase the offer of compensation to £1000 as well as also cover the additional solicitor costs incurred due to TMW's errors as we would not expect you to be out of pocket due to these errors..."

I understand that you will not receive a final bill from the solicitor until the work has been carried out, however, once you have received this, you can email it directly to me and I can action the costs payment or alternatively your solicitors can send me a forecasted invoice for the additional works carried out and we can pay them directly."

Mr K provided a solicitors' invoice to TMW in June 2025 and asked it to pay his additional solicitors costs incurred since September 2023.

TMW says it made the payments recommended by our investigator to settle Mr K's previous complaint to this service. It says Mr K provided invoices for his costs which it paid.

To resolve Mr K's complaint in 2024 our investigator said TMW should pay £1,000 as offered in the May 2024 final response, pay Mr K's costs of about £934 and £500 for errors made after the May 2024 final response. The costs referred to related to Mr K having to re-tenant a flat due to inconsistent information from TMW. These were not his solicitors' costs.

I think Mr K's complaint that TMW declined to pay his additional solicitors costs when he provided his solicitors' invoice is a new complaint and so we should look into it.

I don't think it would be fair to require TMW to pay Mr K's legal costs for creating the leasehold titles. But I think it's fair for TMW to pay the additional legal costs incurred by Mr K due to its errors and misinformation. These are costs he would not have otherwise incurred.

Mr K provided an invoice dated June 2025 from his solicitor. This includes fees of "£800 plus VAT in respect of additional work in liaising with lender and reviewing correspondence in respect of obtaining lender consent".

I think the invoice is fair and reasonable evidence of Mr K's additional legal costs. Mr K has also provided a screen shot of his bank statement which shows he paid the solicitors' fees on 13 October 2025.

I think it's fair to order TMW to pay £800 plus VAT to Mr K, plus interest at 8% simple from 13 October 2025 to the date of payment. I think this is a fair resolution to Mr K's complaint that TMW declined to pay his additional solicitors' costs when he provided his solicitors' invoice in mid-2025.

TMW wants to draw a line under the matter. It says it wouldn't be fair for it to have to cover Mr K's further legal fees on an ongoing basis. TMW will be aware that I can't fairly say that Mr K can't raise a new complaint in future, regarding matters that are not part of this complaint. Whether we can – or can't – consider any such new complaint would have to be considered at the time.

The release figures for the sale of the flats

In early 2025 TMW instructed a valuation of the property. The valuer is a chartered valuation surveyor and registered valuer, and a member of the Royal Institution of Chartered Surveyors. The valuation was carried out in accordance with RICS' "red book". I think it's reasonable for TMW to rely on the expert opinion of the valuer about the value of the freehold and the leasehold flats.

In April 2025 TMW provided a table showing the release figure for each flat. Mr K didn't agree with the release figures (which he said were too high), or with the time taken by TMW to provide them. He put forward his own calculation method.

TMW explained how it calculated the release figures. The outstanding mortgage balance (about £520,000) is about 65% of the valuation of the freehold (about £800,000). The valuations of the flats (once leasehold titles are created) add up to about £885,000 – more than the value of the freehold.

TMW has a charge on the freehold property. So its concern is how the sale of the flats will affect the value of the freehold, and therefore its security. TMW calculated the release figure for each flat on the basis that, when the flat is sold, the freehold value will reduce by an amount equal to the value given to the leasehold flat. This means that Mr K will repay a higher proportion of the loan when he sells the first four flats. He will have a smaller amount to repay when he sells the fifth flat.

Lenders are entitled to make commercial decision about their risk appetite. I think it's reasonable for TMW to aim to maintain the loan to value ratio as each flat is sold. TMW says it used a conservative valuation for risk purposes, and I think it's entitled to do so.

I appreciate that Mr K doesn't agree. But I don't think the calculation method chosen by TMW is unreasonable in the circumstances. It provided release figures to Mr K which will allow him to create a separate leasehold title and sell flats in whatever order he chooses.

I don't think it's fair and reasonable in the circumstances to require TMW to substitute the property valuation provided by Mr K, pay his costs for instructing the valuation or require TMW to calculate the release figures using Mr K's preferred method.

It's taken a long time for TMW to provide the information Mr K needs to move forward with his plans. TMW accepts it didn't respond to Mr K in a timely manner and offered £300 – an amount Mr K said he would accept if his additional legal costs were covered.

What I'm looking into here is delays between October 2024 (when Mr K's previous complaint was resolved) and March 2025 (when TMW provided release figures to Mr K for the two flats he'd specified). I've taken into account that these delays followed previous problems and delays and this must have been frustrating for Mr K. I've also taken into account that TMW needed to spend some time considering the matter, to reach a solution that would protect its security and allow Mr K to move forwards with his plans for the property.

Taking all of this into account, I think £300 is fair and reasonable compensation for TMW's delays in responding to Mr K.

My final decision

I uphold this complaint and order The Mortgage Works (UK) Plc to pay to Mr K:

- £800 plus VAT, plus interest at 8% simple* from 13 October 2025 to the date of payment, and
- £300 compensation.

*If The Mortgage Works (UK) Plc deducts tax from this interest, it should provide a tax deduction certificate to Mr K.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 27 March 2026.

Ruth Stevenson
Ombudsman