

complaint

B Ltd complains that Charter Court Financial Services Limited trading as Precise Mortgages acted unfairly and unreasonably when dealing with its buy to let mortgage application. It wants a refund of the assessment and valuation fee and a goodwill gesture.

background

B Ltd applied for a buy to let mortgage from Precise Mortgages through a broker in October 2018. The application was unsuccessful as Precise Mortgages said B Ltd hadn't owned the property for at least six months at the time; B Ltd provided evidence to the contrary but waited. In January 2019, B Ltd re-applied and paid a valuation fee of £435. B Ltd felt that the valuation was not fit for purpose due to errors and disagreed with the £100,000 valuation given twice by the valuers. Another valuer working for another lender valued the property as being worth £125,000 later, and an earlier valuer had said the property was worth £120,000. The application to Precise Mortgages didn't complete.

B Ltd complained to Precise Mortgages. It said it relied upon the information recorded by the Land Registry when it said that the property had been owned for less than six months in October 2018. Precise Mortgage accepted that this meant it was using dates different to the actual transaction dates, but said it was entitled to use Land Registry registration dates and hadn't been incorrect to refuse to allow the first application to proceed. In relation to the valuation, Precise Mortgages said it relied on the professional advice it received, including regarding the appeal, which was fair and reasonable.

B Ltd complained to us. The investigator noted that the dates used to record transactions by the Land Registry are later than the actual transaction date (as the Land Registry is informed later). The investigator noted that as the property was leasehold, it would've been easy to check the older title and see that the lease had been renewed after purchase, which led to the new Land Registry entry. And as B Ltd had provided evidence of the actual purchase date, the investigator said Precise Mortgages had been unfair and unreasonable in rejecting the application on this basis. He said it should pay £100 compensation for the trouble and upset caused by this.

But the investigator said that in relation to the valuation, the professional valuer was independent of Precise Mortgages and suitably qualified. The appeal was considered and the valuer asked to comment further. The investigator said Precise Mortgage wasn't at fault and was able to rely on professional advice that it received. He also said that the valuation fee didn't need to be refunded as it was set out in writing that it was non-refundable in the terms and conditions accepted by B Ltd, and the valuation had been carried out.

B Ltd disagreed. It said that as the valuation wasn't fit for purpose, it should be refunded the cost. B Ltd said that the rejection of the first application should be linked to the mortgage it ultimately took out in 2019. The investigator said that the rejection of the first application didn't lead to the mortgage being taken out with another lender as B Ltd made another application to Precise Mortgages (which didn't proceed due to the valuation). B Ltd wanted Precise Mortgages to be punished, but the investigator explained that this wasn't the role of this service. Precise Mortgages accepted the investigator's view and felt that it should've looked into the first application further before declining it. The professional body regulating valuers refused to deal with B Ltd's complaint against the valuer as Precise Mortgages was the client.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Dealing with the refusal to allow the application to proceed in 2018 first, I think Precise Mortgages didn't act fairly or reasonably; it agrees that it didn't do enough to establish the individual facts in B Ltd's case. I note that Precise Mortgages' own policy doesn't refer to Land Registry registration dates, but to the actual purchase or remortgage date. B Ltd provided evidence that the original purchase date was six months before the application, and could've provided more evidence if asked. The Land Registry entries also told interested parties to look at the connected title and showed the purchase date.

While lenders are able to use their commercial judgement and set their own lending policies (and there are good reasons behind the six month rule), they must apply those policies fairly and reasonably. In B Ltd's case, Precise Mortgages didn't act fairly or reasonably as it overlooked both the wording of its policy and the evidence provided and available.

But I don't think this failing caused any financial loss. This is because it's more likely than not that the issue with the valuation would've happened in the first application, and the parties weren't able to work together to proceed with an application. B Ltd chose to go elsewhere. So I think only compensation for trouble and upset is fair and reasonable. B Ltd is a limited company so can't feel upset. I accept its directors were put to inconvenience and waited until the application could be made again. This is minor and I think £100 compensation for the trouble and upset caused by the failure to allow the first application to proceed is fair and reasonable in all the circumstances.

Turning to the valuation, I don't think Precise Mortgages is at fault. Lenders are able to rely on professional advice from suitably qualified professionals; the valuer in this case was suitably qualified. Precise Mortgages put the points made in dispute by B Ltd to the valuer promptly. I note B Ltd talks about some lenders being responsible for the actions of the valuer; that does happen, for example when the valuer isn't independent of the lender. This isn't the case here – the valuer is independent of Precise Mortgages. I understand that B Ltd was unhappy about the valuation and the quality of the work done, but it isn't fair or reasonable to require lenders to become judges of professional advisers; it's fair and reasonable for the lender to accept the professional advice received, particularly after completion of an appeal process.

B Ltd wants the valuation fee refunded. But the terms and conditions of the mortgage are clear that the fees aren't refundable and B Ltd signed to accept these. It was also advised by a broker, who should've explained this. B Ltd says that it believed the valuation fee would be refunded after completion of the mortgage, but as the mortgage didn't complete, this isn't relevant.

my final decision

My final decision is that I uphold the complaint and Charter Court Financial Services Limited trading as Precise Mortgages should pay B Ltd £100 compensation. Under the rules of the Financial Ombudsman Service, I'm required to ask B Ltd to accept or reject my decision before 16 October 2019.

Claire Sharp
ombudsman