

The complaint

T, a limited company, complains about what happened when an application was made on its behalf to Fleet Mortgages Ltd.

Mr I complains on behalf of T.

What happened

Mr I said he applied to Fleet, for a mortgage for T. He said Fleet turned T down after he'd paid the application fee, because of credit rating issues. But Mr I said Fleet knew all about his credit rating before it accepted payment for the application, and could have said no before the fees were paid. So Mr I thought Fleet should give T back the fee it had paid.

Mr I also said he'd checked the fees Fleet is supposed to charge, and it's only supposed to charge £600 for valuing a property worth up to £200,000. Fleet had valued his property at £180,000. But it charged him £745 for the valuation. So Mr I said Fleet had overcharged.

Mr F said this had been enormously stressful, and had affected his health. Mr I said he thought Fleet was just raising money from the fees it charged, and then not actually lending. He said that this was some sort of scam. Mr I said T was charged £944 in fees, and in addition Fleet's own solicitor had charged T £381.44. Because he thought Fleet should have known from the start that it wouldn't lend to him, Mr I said Fleet should pay that all back.

Fleet didn't think it had done anything wrong. It said it understood Mr I's own credit score was poor before it considered his application. But it said it needed to consider a number of factors, including the overall position of his business, before it made a decision on lending to him. It said once it had full information on the financial position of the business, that, combined with Mr I's own financial position, meant that Fleet decided not to lend.

Fleet said Mr I had signed to say that he understood the basis of the application, which included that it might be turned down. And the documentation also explained that the fees T paid weren't refundable. Fleet said the fees it charges are worked out to cover the costs it incurs, and it said it isn't making a profit from these.

Our investigator didn't think this complaint should be upheld. She said Fleet's underwriter had considered T's application, and could see that the business had an average balance of £5,000 overdrawn. So with the large unsecured debt showing on Mr I's credit report, and his income, B decided not to agree to the lending. But our investigator didn't think Fleet had all this information at the outset.

Our investigator said Mr I agreed to pay non-refundable fees when he applied. It's not unusual for a lender to charge a non-refundable fee for an application, and this is a risk a borrower takes, knowing their application might be declined. Our investigator said she hadn't seen anything to make her think that Fleet was just charging fees, knowing it would be declining an application.

Mr I didn't agree. He said we hadn't looked at the poor service levels Fleet had offered, and that it had ignored a complaint completely. He said we hadn't looked at how long his application took, or that he'd been overcharged on his valuation. Mr I wanted this complaint to be considered by an ombudsman, so it 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.

Mr I thought Fleet would always have rejected his application, and he felt Fleet knew this from the start, because it had seen his financial position then. So he didn't think he should have been asked to pay an application fee.

But Fleet said it doesn't just make its decision on the basis of the personal financial position of a business owner. This was lending to a limited company, and Fleet told us it takes account of the financial position of the company too. I've asked Fleet some further questions about this, and it has told me about a considerable number of applications where the personal financial position of the business owner was similar to Mr I's, but where the financial position of the business was stronger. In those instances, Fleet did agree to lend.

What Fleet has said about this, makes me think that Fleet couldn't have known, before Mr I paid his fee, whether it would be able to lend to him or not. I think it made its decision on the basis of the additional information that it received after it produced a decision in principle in this case, and after T paid the fee. So I don't think it was unfair or unreasonable for Fleet to charge for this application, and I don't think it has to return that money now.

Like our investigator, I haven't seen anything here to make me think that Fleet is just charging fees on applications it doesn't intend to approve.

Mr I said he was overcharged for the valuation he received, and he's sent us documentation from Fleet which says that, for a property valued up to £200,000 the charge would be less than he paid. But Fleet has sent us the application form it received from Mr I, and that says that the estimated value of this property is over £200,000. So I think that Mr I was charged the right valuation fee, based on the application he made. I don't think Fleet has to pay some of that money back, because the property was then valued at less than Mr I anticipated.

Mr I says Fleet ignored his earlier complaint. I can see in his emails to Fleet, he refers to a complaint made about a year earlier. But our service can only consider here the complaint which has been referred to us, which is the complaint about the application Mr I made in January 2023. Mr I can ask us to look into other issues if he would like.

Mr I also said he received no response to his query about the cost of this valuation. I think this issue was always likely to have been referred to our service, as Fleet says it did apply the correct fee. And, although I understand Mr I may be disappointed by the response, I'm pleased that our service has now been able to resolve this for Mr I.

Mr I has referred to poor service from Fleet, he said he waited significantly longer than Fleet suggested he would, for a valuation and for an eventual decision. I think it's worth noting here that it has been an extremely difficult period for mortgage lenders, as borrowers rush to secure deals before rates rise. I appreciate that Mr I was expecting Fleet to be able to meet the very stretching targets he says it sets for itself on its website, and I understand he would

be disappointed if what he'd understood to be the targets, weren't met. But, having looked at Fleet's website, it's not clear to me that Fleet had committed to completing the whole of the valuation process, or the whole of the review and decision on offer, within this timescale. And even if it had, I would still have said that it's not unreasonable for Fleet to have taken ten days to produce a valuation report on Mr I's property, and then two weeks for a decision on whether to make an offer to T.

I've considered everything that Mr I said about T's mortgage application. I think that Fleet did charge the appropriate valuation fee, and for the reasons I've explained, I don't think Fleet has to repay the fees it has charged. And, although I understand Mr I considers Fleet has fallen short of his expectations, I don't think that Fleet's service overall has been so poor that it would be fair and reasonable to tell it to pay T compensation in this case.

I know that Mr I will be disappointed, but for the reasons set out above, I don't think this complaint should be upheld.

My final decision

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask T to accept or reject my decision before 16 October 2023.

Esther Absalom-Gough
Ombudsman