

The complaint

Mr and Mrs A said their application for a Buy To Let (“BTL”) mortgage with The Mortgage Works (UK) Plc included a survey. They relied on it in buying the property. They complain that when they asked for more lending, a second survey gave the property a nil valuation.

What happened

Mr and Mrs A bought a BTL property in March 2021, with a mortgage provided by TMW. They said when they made that purchase, they relied on a survey report that they’d paid for as part of the application. They told us this report said the property didn’t have any cause for concern.

Mr and Mrs A said they then decided to request a further advance on the property, and it was surveyed again, a little under two years later. At this point the survey report said that the structure of the rear extension, where the kitchen is, was inadequate. The structure either needed to be upgraded or the kitchen moved back inside the main property.

Mr and Mrs A said this hadn’t changed from the time of the first survey, so this should have been raised the first time the property was surveyed. They said that because it hadn’t, they’d bought a defective house. Mr and Mrs A said they also now knew that the chimney breast wasn’t properly supported either, although this hadn’t been mentioned on either of TMW’s survey reports. So they said this should have shown up on the surveys too.

TMW challenged the most recent valuation with its survey company, but they stood by their findings. And TMW said the difference between the two valuations happened because its guidance had changed between the times that the property was valued.

Then when this case came to our service, TMW wrote to Mr and Mrs A and said it had now looked at the valuations itself, and the information it held on the property. It felt that because the kitchen was located in an extension with a non-standard roof, this represented a fire hazard. This issue wasn’t mentioned on either of TMW’s valuations. TMW offered to lend the money Mr and Mrs A wanted anyway, subject to a retention until the kitchen was moved back into the main building. And it offered to pay £200 in compensation.

When Mr and Mrs A declined its offer, TMW then said it would have to refer this issue to its survey company, rather than deal with the complaint itself. I understand that this company has since replied, to say the changed valuation is a result of changes in the guidance it receives from TMW.

Our investigator didn’t think this complaint should be upheld. She said the valuation set out that it was prepared solely for TMW’s purposes. It had been done only to help TMW decide how much to lend on the property. And as Mr and Mrs A took out the mortgage through a broker, that broker was responsible for explaining this to Mr and Mrs A.

Our investigator said TMW does have to instruct a suitably qualified survey company, which it had done here. But TMW isn't then responsible for what the valuer does. She understood this had left Mr and Mrs A in a difficult position, but she didn't think that was TMW's fault.

Mr and Mrs A didn't agree. They said they've lost out, and only wanted to be put back into a fair position. Mr and Mrs A wanted their 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 and Mrs A say they relied on the first report they received, which they said didn't show any flaws in the property. They said this first report should have told them about both the problem with the structure of the kitchen extension (which was only mentioned on the second valuation) and a separate problem with the support of a chimney breast (which apparently hadn't shown up on either valuation).

I understand why Mr and Mrs A are concerned about both of these issues. But unfortunately, I don't think that TMW is responsible for Mr and Mrs A not having found out about these problems before they completed their purchase.

Mr and Mrs A have referred to having paid for a survey report, before buying this property. But I don't think that document claims to be a survey of their property. Although it does contain very brief observations about the property, I think it's a valuation for mortgage purposes.

I also understand that Mr and Mrs A paid a valuation fee to TMW, as part of their first mortgage application. But unfortunately, that doesn't mean the valuation was done for them, or that the lender is responsible for the content of the valuation report. Our investigator has explained to Mr and Mrs A that the valuation the lender receives is solely for its purposes, and as long as the lender has instructed a properly qualified company (which it did here) then the lender is entitled to rely on the content of that report.

I think that's right. And I note that the first valuation report which was prepared for TMW, as part of Mr and Mrs A's mortgage application, did contain a very clear and explicit warning about the scope of the report. That warning reads as follows –

“Note: This report has been prepared solely for TMW purposes. It is not a structural report and is based upon a limited inspection. It may not reveal serious defects and may contain inaccuracies and omissions. It is unlikely to be adequate for purchasers' purposes and should not be relied upon. You are strongly advised to obtain a fuller report on the property.”

Mr and Mrs A say they relied on this report in making their purchase, and paying 25% of the purchase price as a deposit. I'm sorry to have to tell them that I don't think it was reasonable for them to have done so, given that there is such a very clear warning on the face of the report itself about its potential limitations.

I understand that it's been very difficult for them, to find that the rear extension of their rental property will require further work, and that there are also concerns about the support of the

chimney breast. But I don't think that TMW is responsible for the content of the first valuation report, or that it's TMW's fault that Mr and Mrs A relied on this report in their purchase. And for those reasons, I don't think it would be fair and reasonable for me to hold TMW responsible for Mr and Mrs A's decision to purchase this property.

I understand that TMW has already paid the amount of £200 which it offered in its complaint response letter. For the reasons set out above, I don't think TMW has to do more than that now. I know that Mr and Mrs A will be disappointed, but I don't think their 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 Mr A and Mrs A to accept or reject my decision before 20 December 2023.

Esther Absalom-Gough
Ombudsman