

## **The complaint**

Mr G and Miss Y complain that The Mortgage Works (UK) Plc (TMW) unfairly declined their buy-to-let mortgage application.

## **What happened**

Mr G and Miss Y applied to TMW for a buy-to-let mortgage. They paid a valuation fee, but the valuation report recorded the property as having a nil value. This led to TMW declining the application and returning the valuation fee.

Mr G and Miss Y asked for the valuation report to be reviewed as the property they were wanting to purchase they said was in a booming area for rentals. In addition, it also had a sitting tenant. They also argued that their lettings agent had told them there was a high demand for properties in that particular area and they provided details from Zoopla of properties sold since 2018.

TMW still declined to lend on the property as they said the property was situated was in an area where the overwhelming demand came from the investor led market, and as such it sat outside their lending policy. They did not accept that they had made any error or mistake and as such rejected Mr G and Miss Y's complaint.

Mr G and Miss Y were unhappy with TMW's final response and so approached this service to see if we could assist in resolving the dispute. Our investigator thought that TMW hadn't done anything wrong and had dealt with the complaint fairly.

Mr G and Miss Y didn't agree and asked for the complaint to be passed to an Ombudsman 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.

My summary of what happened is brief and I know the parties went into a lot more detail. I'm going to focus on what I think are the key issues. Our rules allow me to do this, and it reflects the nature of our service as an informal alternative to the courts. So, if there's something I've not mentioned, it isn't because I've ignored it, it's because I don't need to comment on every individual argument to be able to reach what I think is the right outcome.

The crux of this complaint lies in TMW's policies. It's not our role to recommend how financial businesses should conduct or arrange their commercial operations and processes – that's for them to determine. We don't have the power to make rules for financial businesses, assess or direct that they change their policy or procedures. We only look at what happened in the circumstances of the individual complaint and check they followed their rules and

procedures and have applied them fairly. And it is for a business to decide what level of risk they wish to take when making decisions to lend against property.

When Mr G and Miss Y applied for a buy-to-let mortgage there was no guarantee that TMW would accept that application and grant a mortgage. The application was always going to be subject to a valuation and assessment of whether the property was a suitable property against which to lend.

TMW carried out a valuation and when they received the valuation report took that into account. The report was very clear in its observations, stating,

*The property is situated within an area where sustainable demand for owner occupation is weak. Therefore and in accordance with policy, the property is deemed unsuitable security.*

In my view TMW are and were entitled to rely on that report when considering their own lending criteria and having done so they have done nothing more than apply their lending policy to the facts of the case. It was a decision TMW were entitled to make and is not something I can interfere in.

I do note Mr G and Miss Y have supplied evidence of previous property sales which they feel supports their argument, but that does not mean that TMW have to accept it without question. TMW did review the application but decided that in the light of the valuation report it deemed the property an unsuitable security because there wasn't sufficient demand in the area for owner occupation. And TMW's policy is that they won't lend unless there's demand in all areas of the market.

Specifically, TMW's valuers' guide states,

*TMW requires that a property taken into mortgage, and crucially at the time of inspection should be 'fit for immediate letting, subject to any essential repairs' and that it be 'readily lettable/saleable at the figures provided'.*

*Any property that requires significant/multi-trade repair/refurbishment will not be acceptable. A property should only be accepted for mortgage and valued if such demand exists across all sectors of the market (investment/buy to let and owner occupation); TMW will not accept a situation where demand only exists in the investment sector.*

There is no evidence that TMW are applying their lending policy inconsistently or unequally to its customers and specifically to Mr G and Miss Y. So, although Mr G and Miss Y will probably be disappointed with my decision, I can't say TMW has acted unfairly or unreasonably here and I'm not upholding this complaint.

## **My final decision**

For the reasons set out above I do not uphold the complaint against The Mortgage Works (UK) Plc.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G and Miss Y

to accept or reject my decision before 24 August 2023.

Jonathan Willis  
**Ombudsman**