

## **The complaint**

Mr P complains that Bank of Ireland (UK) Plc (BOI) failed to give him correct advice when making an application for additional borrowing with his mortgage and he's lost out as a result.

## **What happened**

Mr P contacted BOI to discuss an application for additional borrowing. He was looking to make some changes to his property and considering his options for funding this.

The advisor Mr P spoke with spent a great deal of time going through a number of options including whether there was an option to move from his existing product. Mr P had a number of questions and the advisor answered these before making a recommendation. They recommended that Mr P apply for additional borrowing of £30,000. They explained the application would need to be assessed by BOI underwriters and because Mr P felt the value of his home had increased since his original/existing mortgage was taken out and because this was more than six months ago, a new valuation would need to be completed with a fee of £245 needing to be paid by Mr P.

Once the application was made and assessed, Mr P was told he did not meet BOI lending criteria as it didn't deem the additional borrowing affordable. Mr P was given this decision a day after the valuation had been completed and he questioned whether the valuation report had been provided and considered – he was concerned that if it hadn't been, it may have negatively impacted the outcome.

BOI's underwriter spoke with Mr P and explained why the affordability checks had failed and Mr P understood this. It was also explained that the valuation was not part of this check as this was focused on his income and expenditure. Had this been agreed, the valuation would have been looked at to confirm the property provided suitable security. The underwriter said he could have requested to pay for the valuation report after the outcome of the affordability checks had been provided and she thought it was reasonable that this could have been given as an option ahead of the application being made.

Mr P complained to BOI that it didn't explain to him when he made the application that he didn't need to pay for the valuation at the outset and that there was an option to delay this ahead of the affordability assessment being completed. Because he hadn't been given this option, he feels he paid for a service that was null and void.

Our investigator looked at Mr P's complaint and said she felt BOI did something wrong. She accepted the fee was a non-refundable fee applied as part of the application process, but she felt it was reasonable, if an option to pay after the affordability checks had been completed, that BOI should have explained this to Mr P. When it didn't, Mr P didn't have all the information he needed to decide whether to wait to pay for this or not.

BOI disagreed with this assessment. It explained that the valuation fee needs to be paid on application and this is a pre-requisite of the application being assessed. It does consider requests for this to be paid after the affordability assessment, but this is on a case-by-case

basis and treated as an exception. It is not something that happens as normal process or something it provides advice on as an option.

They said if Mr P had concerns about his affordability and wanted to delay paying for the valuation until this was completed, he should have asked this question. When he didn't and chose to pay the fee, he accepted this was non-refundable once the valuation inspection had been completed and it isn't fair that it repays this.

Our investigator still felt it was reasonable to expect BOI to have done more. She said if it has another option, even if only considered on a case-by-case basis, not explaining this to Mr P meant he lost the opportunity to decide what to do. She felt it was reasonable to believe that he would have waited to pay this fee and because of this, he's now paid something he wouldn't otherwise have paid.

Because BOI disagreed, the complaint has been passed to me for 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 decided to uphold this complaint for much the same reasons as our investigator. I know BOI will be disappointed by this, but I'll explain why I think it's fair and reasonable to ask it to refund the valuation fee to Mr P.

BOI has explained it isn't its normal process to tell a customer that the application fee doesn't need to be paid when the application is made. The illustration provided ahead of the application being submitted explains the revaluation fee is paid to the lender on application. So I think BOI sets out clearly when this needs to be paid. It also says that once the inspection has been carried out, the fee is non-refundable. And it is normal to expect the fee to be paid on application and this is supported by the illustration.

But there is another process that BOI operates alongside this. It has said it will consider a request for the valuation fee to be paid after the credit checks had been completed. These requests are generally made when the applicant has concerns about the application being successful and are made by the applicant.

The question is whether I think it is fair that BOI should have provided Mr P with any information in addition to that set out in the illustration about the valuation fee.

During the application call with the advisor, Mr P had a number of questions about the process. He explained he'd never made an application for additional borrowing before so wasn't sure of the steps to take and wanted to understand what was needed. So I think he was looking for as much information as possible about what to expect and he questioned why a valuation fee was needed as part of the additional borrowing application.

Mr P didn't have any apparent concerns about his affordability but there had been some back and forth about his income and actual figures as he'd recently changed roles. The adviser explained the next steps that Mr P would need to take if he wanted to submit the full application and it was for Mr P to complete these and submit it. But they gave no information about delaying the valuation fee payment if Mr P had any concerns about being offered the loan in the first place. Although BOI say this isn't its process, the fact this can be considered as a request indicates it is. With this in mind, I think it should have explained all options available to Mr P. If he wasn't told this request would be considered, it isn't reasonable to believe he would be aware he could make the request in the first instance.

When Mr P spoke with BOI's underwriter after his application was declined, they explained in more detail how the application is assessed and how the valuation and affordability are two separate considerations. A failure on either can result in the application not being successful. They suggested that Mr P could have been told previously that the valuation could be paid later, to avoid him incurring this cost if the application wasn't successful. This supports that it does have a process in place to consider this being paid after the application has been submitted.

Overall, I'm not persuaded that BOI provided Mr P with all the relevant information he needed to decide whether he wanted to pay the revaluation fee when the application was submitted. Or if he wanted to request whether BOI would consider him paying this after the affordability check had been completed. BOI has not said it wouldn't have agreed to Mr P submitting the application and paying the fee later and because of this, I can't be satisfied he hasn't lost out as a result.

### **Putting things right**

To put things right, Bank of Ireland should:

- Refund Mr P the £245 revaluation fee paid together with 8 % simple interest added from the date the payment was made until the date it makes the payment.
- If it decides to deduct tax from the interest payment, it must upon request from Mr P provide him with a certificate of any tax paid.

### **My final decision**

For the reasons I've explained above, I uphold Mr P's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 4 August 2023.

Thomas Brissenden  
**Ombudsman**