

The complaint

Mr and Mrs J complain that OneSavings Bank Plc trading as Kent Reliance declined their mortgage application and refused to provide them with a copy of the valuation report.

What happened

Mr and Mrs J applied for a mortgage through a broker who placed the mortgage application with Kent Reliance. They said they paid relevant fees which included a valuation fee and as far as they understood, the mortgage was agreed subject to the property valuation.

The valuation was completed on 6 March 2023 and the mortgage application was declined by Kent Reliance on the basis that the surveyor had some concerns about the property.

Mr and Mrs J have accepted that the mortgage application has been declined, but they are unhappy that they paid for a valuation report which they have not received – they feel the report is of no use to Kent Reliance and they do not understand why they will not provide them with a copy of it.

Kent Reliance issued a final response letter on 10 May 2023 and outlined the concerns that the surveyor had about the property. Kent Reliance said they were satisfied that they followed the correct process and were entitled to rely on the opinion of a professional surveyor. They also explained that they do not send copies of valuation reports to their customers as these are for their own internal lending purposes.

Mr and Mrs J were unhappy so they brought the complaint to the Financial Ombudsman Service where it was looked at by one of our investigators. The investigator didn't uphold the complaint and didn't think that Kent Reliance had done anything wrong.

Mr and Mrs J disagreed. They said they were offered a mortgage through Kent Reliance and paid for a survey which the OneSavings Bank group carried out, which is not an independent company. They also said that Kent Reliance declined their mortgage without sending them a copy of the valuation report.

Mr and Mrs J said they are not upset that Kent Reliance won't give them a mortgage, but they are upset as they wanted an independent surveyor to value the property and OneSavings Bank is part of Kent Reliance. They said they paid for a service (valuation) which they have not received.

As they disagreed with the investigator, they asked for the complaint to be reviewed by an ombudsman, so it's been passed to me to decide.

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.

Having considered everything, I agree with the outcome that our investigator reached, and I'll explain why.

Mr and Mrs J approached a broker who placed their mortgage application with Kent Reliance. Mr and Mrs J wanted to apply for a buy-to-let mortgage.

This mortgage was declined after the property had a valuation carried out. I understand that Mr and Mrs J have now said they are not upset that Kent Reliance will not give them a mortgage, but more so because they paid for a valuation and have not been given a copy of it. They are also unhappy as they wanted an independent valuation carried out and they do not believe that it was.

For completeness, I'll comment on the application itself before moving onto the valuation.

Mortgage application

An illustration was provided to Mr and Mrs J dated 21 February 2023 and this does say that it does not constitute Kent Reliance to give Mr and Mrs J a loan – so this was not a guarantee. Mr and Mrs J question why they were offered a mortgage in principle if they were not eligible for a mortgage.

Having looked at everything, it's not that Mr and Mrs J were not eligible for the mortgage, and an illustration is not a formal mortgage offer. So until a valuation and a full assessment of the application is carried out – there is no guarantee that a lender will lend.

The mortgage was declined because of the property and the concerns that the surveyor had. The final response letter from Kent Reliance had details as to the concerns that the surveyor raised.

The concerns raised were:

- No planning permission to operate as a HMO (Houses in Multiple Occupation) in an Article 4 area
- No HMO license, the valuer anticipates significant expenditure required in order to do work, so a license can be obtained
- No fire warning protection and warning system
- Likely expenditure needed to improve EPC (Energy Performance Certificate) from rating 'E'
- Roof defect causing water ingress, the valuer has been informed that this will require specialist access equipment given the height of the building
- The valuer envisages that the tenants would have to be served notice so that the repairs and upgrades can be undertaken once all the furniture has been removed

Based on the comments that the surveyor had made, Kent Reliance declined the mortgage application. They are entitled to rely on the professional opinion of a surveyor when it comes to their lending decisions, and I think it was reasonable for them to do so.

Valuation report

Mr and Mrs J are unhappy that they have not been provided with a copy of the valuation report and also said they wanted an independent valuation to be carried out – and they do not believe that it has been because OneSavings Bank is part of Kent Reliance.

Kent Reliance have explained that the valuation report is only for their benefit, and they only instruct a surveyor for their lending purposes. This is not unusual. Mr and Mrs J could have paid for a more comprehensive valuation such as a homebuyer's report or a structural valuation – which would have been for them – but they didn't.

Mr and Mrs J argue that the valuation that was carried out wasn't independent. The surveyor that carried out the valuation was a member of the Royal Institute of Chartered Surveyors (RICS). We would expect valuations to be carried out by surveyors who are members of RICS so I cannot agree that this was not an independent valuation.

The issue that Mr and Mrs J have is that Kent Reliance appointed a surveyor through the OneSavings Bank group. This doesn't mean that the valuation is not carried out correctly or in fact independently. The surveyor is a member of RICS and appears to be someone that specialises in complex buy-to-let properties. This valuation is clear that it is carried out for internal purposes only. I am therefore satisfied that Kent Reliance have appointed a surveyor in accordance with what we would expect.

I understand that Mr and Mrs J have paid money for a valuation report that they haven't had a copy of, but where lending is concerned, as explained this is not unusual.

I appreciate that Mr and Mrs J will be disappointed with my decision, but I'm satisfied that Kent Reliance have acted fairly in these circumstances.

My final decision

For the reasons given above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs J and Mr J to accept or reject my decision before 21 March 2024.

Maria Drury
Ombudsman