

The complaint

This complaint is brought by Mr B in his capacity as director of a limited company I will refer to as ADB.

Mr B is unhappy that OneSavings Bank Plc trading as Kent Reliance (and referred to here as KR) declined the company's mortgage application. Mr B says he paid £730 to KR for a valuation and £549 to a mortgage broker and hasn't received any services for this, nor any money back.

To settle the complaint, Mr B wants KR to make a full refund and to compensate him for the time he's wasted in bringing his complaint.

What happened

I won't set out the full background to the complaint. This is because the history of the matter is set out in the correspondence between the parties and our service, so there is no need for me to repeat all the details here. In addition, our decisions are published, so it's important I don't include any information that might lead to Mr B being identified.

So for these reasons, I will instead concentrate on giving a brief summary of the complaint, followed by the reasons for my decision. If I don't mention something, it won't be because I've ignored it; rather, it'll be because I didn't think it was material to the outcome of the complaint.

Through a mortgage broker, ADB applied for a buy-to-let (BTL) mortgage with KR. As part of the application process, a valuation fee of £730 was paid, as well as a fee to the mortgage broker of £549. A valuation was carried out on behalf of KR, following which KR declined to make a mortgage offer.

Mr B's mortgage broker complained to KR on his behalf, but KR didn't uphold the complaint. KR said that its surveyor had placed a £0 valuation on the property due to various factors that affected the mortgageability and potential future saleability of the property. KR said that if the broker could provide evidence that high street lenders would lend against this type of property, it would review its position. Referral rights were given for a complaint to be raised with our service.

On behalf of ADB, Mr B raised his complaint with us. An Investigator looked at what had happened. She was satisfied that KR was entitled to decline the application and that the terms and conditions of the application were clear that no fee refunds would be made.

Mr B disagreed and asked for an Ombudsman to review the complaint. He said that he was very surprised that the Investigator had reached the conclusion that KR was allowed to decline the application. He said that KR had confirmed it would lend against the property subject to valuation. Mr B insisted that KR knew about the factors that led to the application being declined before the valuation was carried out. Mr B said that if the Ombudsman didn't find in his favour, he'd look to take the matter elsewhere.

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.

KR is entitled to set its own lending criteria. Decisions that KR makes in respect of what those criteria are, its attitude to risk involved in this particular lending assessment, and whether it should lend and if so, on what terms are clearly discretionary matters for KR's own commercial judgement. I don't have any power to tell KR what lending criteria it should apply.

KR has provided information about its lending criteria and about what was taken into account in its consideration of the application. I'm entitled to treat this as confidential, because it is commercially sensitive. But after considering this information, I'm satisfied that KR reached its lending decision fairly, after taking into account all relevant factors, including (but not limited to), exposure to risk, and the specific circumstances in relation to this particular property.

KR is under no obligation to lend to ADB. So whilst KR may have said that it would agree to lend subject to valuation, the valuer thought the property had a £0 valuation, and, when challenged on this, justified his position. The surveyor who carried out the valuation is an associate member of the Royal Institution of Chartered Surveyors, and as such, KR is entitled to rely on his expert opinion.

Given this, I'm satisfied that KR gave fair consideration to this application and so legitimately exercised its commercial judgement when deciding whether or not it would lend to ADB. This means that there is no basis upon which I can find that KR has treated ADB unfairly or unreasonably.

In relation to the refund of fees Mr B is claiming, the application form is clear that the valuation fee is an expense which falls on ADB. The valuation was carried out, albeit the outcome wasn't what Mr B expected. There is therefore no basis on which it would be fair or reasonable for me to order KR to reimburse the £730 valuation fee.

If Mr B believes his broker should refund the fee £549 he paid to them, that's a matter between Mr B and the broker. This is an unregulated BTL mortgage and so any dispute about fees paid to the broker doesn't fall within the scope of our rules.

I appreciate Mr B is disappointed that KR declined to lend to ADB, but I'm unable to find KR has done anything wrong. This means that there is no basis on which it would be fair or reasonable to order KR to pay Mr B any compensation for the time he's spent bringing his complaint.

My final decision

My final decision is that I don't uphold this complaint.

This final decision concludes the Financial Ombudsman Service's review of this complaint. This means that we are unable to consider the complaint any further, nor enter into any discussion about it.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B on behalf of

ADB to accept or reject my decision before 18 December 2024.

Jan O'Leary
Ombudsman