

The complaint

Mr W complains that National Westminster Bank Plc (NatWest) unfairly declined his application for additional lending on his buy-to-let mortgage. He's unhappy that NatWest shared his business contact details with its surveyor and with the processing of his application.

What happened

Mr W has a buy-to-let (BTL) mortgage with NatWest. He applied for additional lending in February 2024. NatWest provided Mr W with an agreement in principle and its underwriters requested further information to progress the application. This included a new valuation of the property and clarification around a second charge held by NatWest on the property title deeds.

In late March, NatWest's underwriters told the mortgage advisor that the valuation hadn't taken place as there had been no response to the surveyors trying to contact Mr W. The underwriter also said documents were outstanding regarding the second charge. The mortgage adviser confirmed Mr W had not been contacted by the surveyor yet and provided correct contact details for Mr W. The mortgage adviser said Mr W should not be contacted through his business contact details as he did not want his staff to be made aware of his application.

In early April, NatWest instructed a valuation of the property. NatWest has said Mr W's business contact details were provided to the surveyor in error. The surveyor attempted to contact Mr W unsuccessfully using his business details. A valuation appointment was arranged with Mr W the following day, and the valuation took place in mid-April.

The surveyor contacted NatWest and said the property had been split into two flats. The surveyor wanted to confirm whether the valuation was for only one of the flats, or the whole property. The surveyor said the valuation was only carried out on one of the flats. The valuation report said the property was not considered to be a suitable security due to commercial use as the ground floor was rented out.

NatWest declined Mr W's application for additional borrowing. Mr W complained to NatWest about several issues during the application process. He didn't agree with the valuation. He was unhappy the surveyor had contacted him at his business and thought this was a data breach. He also complained that he had been told by the mortgage adviser that the surveyor had said he wasn't granted access to the property. Mr W was also unhappy a previous application for additional lending wasn't successful in 2021 and the impact of this on his current application. He also complained he wasn't offered a fixed rate product after the application was declined, and that all his complaint points hadn't previously been recorded.

NatWest agreed it had made errors and offered Mr W £250 as compensation. It said it incorrectly provided Mr W's landline to the surveyors, but no personal information was given on the call. NatWest said the surveyors were appropriately qualified and it was entitled to rely on its opinion for mortgage purposes. It said Mr W had previously complained in 2021 about his unsuccessful application and it couldn't look at this complaint again. It confirmed

the current application was not connected to the previous application. It agreed Mr W wasn't advised he could complete a product switch online on a non-advised basis and offered to backdate the available interest rate product to when Mr W's fixed rate expired, if he applied for a new rate before the end of that month.

Mr W didn't accept this. Mr W referred some of the complaint to our Service where one of our Investigators looked into it. Mr W said there had been a data breach when the surveyor contacted his business to arrange the valuation. He said this had concerned his employees and caused a confrontation with the second director of his business. He remained unhappy he'd been told the surveyor said he didn't allow access to the property and was unhappy that NatWest had declined the borrowing based on the valuation report.

Our Investigator thought the complaint shouldn't be upheld. He said the additional borrowing in 2021 hadn't been referred to our Service within six months of NatWest's response to this complaint, so we couldn't look into this complaint point. Our Investigator agreed NatWest shouldn't have provided the surveyor with Mr W's business contact details. He thought it wasn't unreasonable NatWest questioned the second charge on the property. But he thought NatWest's actions had led to delays in the application process. Our Investigator couldn't see any evidence that NatWest told Mr W the surveyor couldn't access the property but accepted this may have happened and caused Mr W confusion. He thought the £250 compensation NatWest had offered was fair for its errors. He said our Service couldn't look into a data breach and this should be referred to the Information Commissioner's Office (ICO). He said NatWest had instructed a suitably qualified surveyor and it was entitled to decline the borrowing as it didn't meet its lending criteria. Our Investigator agreed NatWest could have made it clearer to Mr W that he could apply for a new rate online, but he didn't think Mr W had been prevented from doing so. He was satisfied NatWest's offer in its final response to back date the interest rate was fair.

Mr W didn't accept our Investigator's view. He said in summary that NatWest had falsely accused him of not disclosing the second charge and it had failed to recognise the second charge was also with NatWest. And he thought the second charge was the reason the application was declined in 2021. Mr W also wanted to raise new complaint points regarding NatWest's actions following this complaint.

As Mr W didn't agree with our Investigator, the complaint has been passed to me to consider and make 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.

Mr W has raised multiple issues with NatWest's actions during the application process. It isn't my role to address every individual point that's been made to date. Instead, it's to decide what's fair and reasonable given the whole circumstances of this complaint. And for that reason, I'm only going to refer to what I think are the most salient points when I set out my conclusions and my reasons for reaching them. But, I have considered all of the submissions from both sides in full.

I understand Mr W has asked for new complaint points to be considered regarding NatWest's actions following his original complaint. I'm unable to consider any new complaint points within this decision, and Mr W will need to raise these matters to NatWest in the first instance.

I think the crux of this complaint is that Mr W is unhappy NatWest declined his application for additional lending on his BTL property. Additional lending is never guaranteed and would be subject to Mr W meeting NatWest's lending criteria at the time of the application. Part of that criteria is that the property be deemed a suitable security for mortgage purposes, which is established through a valuation of the property.

NatWest has said Mr W's application was declined due to the valuation. I've reviewed the valuation report and comments provided by the surveyor to NatWest at the time. The valuation says that the property is not a suitable security for mortgage purposes. The surveyor noted that the property has been converted into two flats and one flat is being let for commercial purposes. NatWest has said this doesn't meet its lending criteria, so the application was declined.

I appreciate Mr W is unhappy with the conduct of the surveyor for multiple reasons. The surveyor is independent and not employed by NatWest. So, NatWest is not responsible for the content of the valuation report. NatWest is entitled to rely on the qualified opinion of the surveyor when it comes to its lending decisions. And I can't see that Mr W has disputed that the property is now two flats with one flat being let out for business purposes, which is the reason the application was declined. So, I don't think it was unreasonable for NatWest to rely on the surveyor's valuation to determine if Mr W's application met its lending criteria. And from the information available to it, NatWest determined it didn't meet its criteria. So, I don't think its decision to decline the application was unfair.

I agree with Mr W that NatWest shouldn't have passed on his business contact details to the surveyor when he'd clearly asked for this not to happen. This was a failing on NatWest's part and Mr W has said contact from the surveyor caused considerable tension with his business partner and concern for his employees. While I'm only able to consider the impact of this on Mr W himself, I do think it's clear this caused him a level of upset and inconvenience, so it's right NatWest compensates him for this.

Mr W applied for additional lending in February, and a valuation wasn't instructed until April. I can see NatWest didn't progress Mr W's application while there was information outstanding about a second charge on the property. Mr W has said NatWest accused him of not disclosing the second charge and he thinks this is the reason the application was declined. He's said NatWest failed to realise the second charge was also with NatWest. I've reviewed the underwriting notes from Mr W's application. It's clear to me that NatWest was aware the second charge was held by NatWest from February 2024 when it first established there was a second charge on the property. While I appreciate Mr W's frustrations that this caused delays to the application progressing, I don't think NatWest acted unreasonably by establishing if the charge was to be redeemed or if it needed to be postponed. NatWest would need to understand this before it could accept any additional lending. But I do think NatWest caused some delays here in instructing the valuation. I can't see why this couldn't have been instructed earlier while it clarified what was happening with the second charge.

The underwriting notes make it clear the application was declined based on the valuation stating the property was not deemed a suitable security for mortgage purposes. So, I can't agree with Mr W that it was declined because of the second charge. I understand Mr W thinks his previous application in 2021 may have been declined because of the second charge. NatWest has previously responded to a complaint from Mr W about why this application was unsuccessful. For completeness, I agree with the Investigator that this complaint wasn't brought to us within six months of NatWest's final response, so I'm unable to consider this further.

NatWest has clearly made mistakes in the processing of Mr W's application. But I'm satisfied that its decision to decline Mr W's application for further lending wasn't unfair. It's clear that

NatWest providing Mr W's business contact details, and the following contact from the surveyor at his business, has caused Mr W significant worry and upset. It also took longer than necessary for Mr W's application to be progressed. It's right that NatWest compensates Mr W for the impact of these failings. I think the payment of £250 represents a fair and reasonable way to put things right. So, NatWest doesn't need to do anything else to settle the complaint.

My final decision

I don't uphold this complaint. Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 13 January 2025.

A handwritten signature in black ink, appearing to read 'E. Taskas', with a stylized flourish at the end.

Emma Taskas
Ombudsman