

## **The complaint**

Mr H has complained about an application he made for a buy to let (“BTL”) mortgage with Hampshire Trust Bank Plc (“HTB”).

## **What happened**

On 16 January 2024 a broker acting on behalf of Mr H submitted an application to HTB. The application was to borrow around £600,000 to refinance an existing short term let property.

On 18 January HTB issued a decision in principle which set out the information it required, one of which was that a valuation must be instructed within 30 days.

The valuation was received at the start of February, and on 12 March the broker said they had submitted the last outstanding document.

The application was reviewed by an HTB underwriter who then contacted the broker asking for some further information. Once that was provided the underwriter looked at Mr H's application again and said HTB wasn't willing to lend, giving the list of reasons which once combined meant it fell outside HTB's appetite for risk.

The broker appealed the decision, providing further information, but upon the HTB underwriter reviewing that information the lending decision didn't change.

Mr H raised a complaint with HTB, which HTB summarised as:

- Mr H was unhappy that he'd had to pay for a valuation, saying that was unfair, misleading and unreasonable.
- Mr H was unhappy that HTB didn't consider his circumstances when providing the decision in principle.

HTB didn't uphold the complaint and so Mr H referred matters to the Financial Ombudsman Service.

Our Investigator gathered further information from both parties and having reviewed that she didn't uphold the complaint.

As Mr H didn't agree the case was 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.

I trust Mr H won't take it as a discourtesy that I've condensed his complaint in the way that I have. Although I've read and considered the whole file I'll keep my comments to what I think is relevant. If I don't comment on any specific point it's not because I've not considered it but because I don't think I need to comment on it in order to reach the right outcome.

At the heart of this complaint seems to be a misunderstanding on Mr H's part as to the process HTB would follow, and what part of HTB's business turned his application down.

Mr H has focussed on the fact the decision in principle said 'Credit Committee approval required? No'. But his application wasn't turned down by the credit committee; it was not even looked at by the credit committee as it didn't need to be.

Every mortgage application needs to be looked at by an underwriter once all the supporting documentation (including a valuation) has been provided. That is entirely normal in the mortgage industry and as I would expect.

HTB also has what it refers to as its credit committee and that is outside of the normal underwriting process, with the credit committee only looking at more complex applications, or ones over a certain loan amount (for example). Mr H's application was deemed relatively straightforward and of a value that it didn't need separate credit committee approval, and instead a 'normal' underwriter could either agree or decline to lend.

Here the underwriter reviewed the application once all the information requested in the decision in principle had been received. They asked further questions, and for more information, and once that was received they reviewed the application in its entirety and declined to lend. The decision to decline the application wasn't just based on one factor that would have been apparent before the decision in principle was issued, it was a combination of factors and the answers given to the additional enquiries.

The decision in principle was clear that although credit committee approval wasn't needed, it was still subject to underwriting and the decision in principle wasn't a binding agreement to lend:

- 'Please note the terms below is strictly subject to the Banks' underwriting and credit committee approval process.'
- 'This document may be adjusted and reissued as a result of, the Bank's full underwriting review, administrative checks and credit committee approval (where applicable)'
- 'Upon receipt of the valuation and the outstanding documents the application will be referred to our Underwriting team for review.'
- **'Important Information'**  
This decision in principle supersedes any previous decision in principle issued by the Bank in respect of the mortgage application. It does not constitute a legally binding arrangement between the Bank and the proposed borrower and does not constitute any offer or acceptance of any finance arrangement between the Bank and the proposed borrower.'

Mr H has said that HTB didn't adjust and reissue the document, but I wouldn't expect it to when its decision is to decline the application entirely. If HTB had been willing to lend, but a lesser amount and with different information needed, then it may have adjusted and reissued the document but in this case the application was declined with Mr H's broker being notified of that. There wasn't any 'counter-offer' such that a new decision in principle may have been issued.

Mr H has said he was induced into paying the valuation fee by what he has referred to as a 'bogus' decision in principle. But as I've set out above, I don't think the decision in principle was misleading (and certainly not 'bogus') as it was clear that although separate credit

committee approval wasn't needed, his application would still go through the full underwriting process. The application was turned down by the underwriter, not the credit committee, so I'm satisfied HTB acted in line with the decision in principle.

I sympathise with Mr H for incurring a valuation fee for an unsuccessful application, but I'm satisfied this wasn't down to any error or wrongdoing on the part of HTB. It follows that I'm not awarding any compensation to Mr H.

### **My final decision**

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 13 January 2025.

Julia Meadows  
**Ombudsman**