



Case study: Non-Bank Money Service/Credit

MORTGAGE REJECTED DUE TO PROPERTY VALUATION BUT FEES STILL APPLY

Themes: Mortgage application fee; property valuation fee; terms and conditions

This complaint related to a complainant's mortgage application and the lender's fees to support the initial application stages.

Miss Z approached a lender through a mortgage broker to obtain funding for a property purchase. The lender requested a mortgage arrangement fee of £2,000 and a valuation fee of approximately £700 to support the application. Miss Z agreed to the fees. The property valuation received by the lender showed the value of the property was significantly lower than the purchase price that Miss Z had originally advised. Upon receipt of the valuation, Miss Z decided not to proceed with the property purchase.

Miss Z then complained to the lender that the application fees paid should be refunded as her mortgage application did not progress. Miss Z also complained that she believed the lender's valuer had negligently completed the property valuation. The lender stated that the fees were non-refundable as they represented the work, they had carried out in connection with the initial stages of the mortgage application. However, the lender did offer to transfer the arrangement fee to a new mortgage application and refund the procurement fee portion (33%) of the mortgage arrangement fee to Miss Z. Miss Z refused their offer, and the lender referred her complaint to CIFO.

Miss Z complained to CIFO that the reason the mortgage did not complete was due to the extremely low valuation and requested that both lender fees be refunded. CIFO investigated and noted that Miss Z had accepted and signed the mortgage application's terms and conditions which stated that both fees were non-refundable. CIFO also noted that the valuation completed by a qualified independent firm appointed by the lender was prepared in accordance with the relevant regulatory standards. CIFO advised Miss Z that if she felt the valuer had been professionally negligent, she would need to address this with the relevant authority responsible for setting the standards for property valuers.

CIFO did not uphold this complaint and advised Miss Z that the lender's previous offer was fair and reasonable. Miss Z accepted CIFO's recommendation.