

The complaint

Mr and Mrs B are unhappy about a mortgage valuation carried out on behalf of Leeds Building Society (LBS). To settle the complaint Mr and Mrs B want LBS to compensate them for their losses, due to the inaccurate valuation and the failure of LBS to progress an appeal against the valuation. Mr B has dealt with the complaint throughout.

What happened

In September 2019 Mr and Mrs B were purchasing a property with the assistance of a mortgage from LBS. The property was on the market for £375,000 and the mortgage application shows the purchase price as £370,000, although I am told that Mr and Mrs B were able to negotiate the price down to £365,000. Mr and Mrs B wanted a mortgage of £326,612 over a period of 30 years 5 months and were porting their existing interest rate product onto their new mortgage.

A surveyor was instructed to value the property on behalf of LBS. He valued it at £340,000 (which is the purchase price shown in the mortgage offer, although I understand the actual purchase price was £20,000 higher). As a result, LBS was only prepared to lend Mr and Mrs B £306,000. In order to proceed with the purchase, Mr and Mrs B needed to find an additional £20,000, which came from their savings.

Mr and Mrs B complained to LBS about the valuation, as they believed it was inaccurate. LBS agreed to submit an appeal to the valuer, but unfortunately this was sent to an email address which was not used by the surveyors any more. Mr and Mrs B completed the purchase of their new property – using their savings to make up the purchase price – before any appeal of the valuation could be considered by the surveyors.

In its final response letter, LBS acknowledged that its service had fallen short in relation to the way it had dealt with the appeal and that LBS hadn't chased it up. But as the mortgage had already completed, the surveyors would not reconsider its valuation.

LBS also explained to Mr B that there had been a data breach, as it had sent a letter addressed to him to his old address. LBS was satisfied no sensitive information was in that letter, but it accepted that this shouldn't have happened. LBS explained that the complaint had been made before the mortgage completed, so its system hadn't updated the address for the complaint. LBS said it would pay the cost of a two-year protective registration on the CIFAS database (£25) for Mr B.

Overall, LBS offered compensation totalling £500, to cover its customer service failings in sending the appeal to a redundant email address (£100), for not following up emails from Mr B (£75), the £25 for the CIFAS protective registration and £300 for distress and inconvenience.

Dissatisfied with LBS's response, Mr B, on behalf of himself and Mrs B, complained to the Financial Ombudsman Service. An investigator looked at the complaint, but didn't think LBS needed to pay any more compensation. He explained that the surveyors didn't fall within the

scope of the Financial Ombudsman Service and so any grievance Mr and Mrs B had about the valuation wasn't something we could consider.

The investigator wasn't persuaded that, even if the surveyors had received the appeal before completion, it would have changed the outcome. Overall, he thought the £500 offered by LBS was fair and reasonable in relation to the customer service issues for which LBS was responsible.

Mr and Mrs B didn't accept the investigator's findings. Mr B has made some further points, which I summarise.

- the valuer made a mistake when he said the property hadn't been renovated;
- he chased LBS at least three times to check if they had followed up the appeal. LBS should have done more than re-emailing the same account;
- he and his wife are now in a difficult financial position as they are now having to consider borrowing at higher interest rates to cover expenditure.

In the circumstances, Mr and Mrs B consider the £500 offered by LBS to be inadequate to compensate them for their distress and inconvenience.

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've thought carefully about everything Mr B has said. Having done so, I've reached the same conclusion as the investigator, for broadly the same reasons.

This was a basic valuation report carried out for LBS, not for Mr and Mrs B. Its purpose was to assist LBS in its lending decision. LBS was required to instruct a suitably-qualified surveyor to value the property, and I'm satisfied that it did, as the surveyor is a Member of the Royal Institution of Chartered Surveyors. As such LBS was entitled to rely on his opinion.

I agree that LBS should have taken more care in submitting the appeal to the surveyors, and that its failure to do so meant that the appeal wasn't considered before the mortgage completed. But I'm satisfied that, even if the surveyors *had* received the appeal, this would not have changed the outcome.

I say this because Mr B has set us a copy of the valuation appeal form. This states clearly, in bold, underlined type, that ***"Requests for adjustment within 15% of the reported value will not be considered, as this would not clearly demonstrate the valuers considered opinion to be wrong."***

I will explain here that it is established surveying and valuation practice – endorsed by multiple court decisions – that there is an allowed 'margin of error' in a valuation of up to 15% either way. So a valuation which is within the range of 15% of the reported value of the property is an acceptable tolerance.

On the LBS valuation appeal form Mr B has completed the purchase price as £370,000. The surveyors valuation was £340,000. The difference between the reported valuation of £340,000 and Mr and Mrs B's estimated valuation of £370,000 is less than 9% of the reported valuation. Given this, the valuation was well within the acceptable margin of error of 15%, and so I'm satisfied the appeal would not have been considered by the surveyors, even if it had been received before completion.

In the circumstances, I'm satisfied that the outcome would not have been any different even if LBS hadn't made a mistake. I'm also satisfied that the information on the appeal valuation form which I have highlighted above was clear enough that Mr and Mrs B ought to have known, based on the figures, that the surveyors would not reconsider the valuation.

LBS has acknowledged that its customer service fell short in some areas – in not answering emails, in sending the form to the wrong email address and in relation to the data breach. As LBS has accepted this, I don't need to analyse what went wrong or why. All I need to decide is what level of compensation is fair and reasonable. Overall, I'm satisfied that the compensation LBS has offered of £500 for this (including £25 for the cost of a CIFAS protective registration for Mr B, should he so wish) is fair and reasonable. I don't think LBS is required to do anything further and so I make no other order or award.

My final decision

My final decision is that I don't uphold this complaint, insofar as I'm satisfied that the £500 offered by Leeds Building Society is fair and reasonable in all the circumstances. I simply leave it to Mr and Mrs B to decide if they want to accept it in full and final settlement of their 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 correspondence about the merits of it.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B and Mrs B to accept or reject my decision before 24 December 2020.

Jan O'Leary
Ombudsman