

The complaint

Ms A and Mr A complain that the valuation carried out on behalf of Bank of Scotland plc trading as Halifax failed to pick up defects with their property.

What happened

Ms A and Mr A took out a mortgage with Halifax in 2015 to buy a property. They recently found a problem with the property. Ms A and Mr A say the valuation carried out on behalf of Halifax should have revealed this. That would have given them an opportunity to get quotes for the work and either renegotiate the price or not go ahead. Ms A and Mr A say they'll suffer a financial loss due to the cost of putting the defect right.

Our investigator said the valuation was carried out for the benefit of Halifax, to help it decide whether to lend. He said there was no evidence the defect existed in 2015 or that it materially affected the property value. The investigator said the £200 compensation offered by Halifax for the way it dealt with the complaint was fair.

Mr A and Ms A didn't agree. Ms A said the defect was visible when the valuation was carried out and affected the value. She said work was needed to put it right.

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.

Ms A and Mr A applied to Halifax for a mortgage. Halifax instructed a valuation. This was for Halifax's benefit, to help it assess whether the property was good security for the loan.

Halifax instructed a qualified surveyor, a member of Royal Institution of Chartered Surveyors. I think Halifax met its responsibility to appoint a suitably qualified person to carry out the valuation. And there's no suggestion there was anything in the valuation report that made it unreasonable for Halifax to rely on it when making its lending decision.

Ms A and Mr A chose a valuation report. The guidance notes say this was a limited inspection highlighting only those items the valuer considered will materially affect value. If Ms A and Mr A had wanted a more detailed survey, they'd have needed to request (and pay) for this.

The valuation was carried out by a business called Colleys, which at the time was a surveying arm of the wider banking group which Halifax is part of. I think the surveyor would still be considered to be suitably qualified. But the links between the two businesses impacts what we can consider. I say this because, as Colleys and Halifax were part of the same banking group, and Halifax was the lender in this transaction, the valuation was ancillary to the activity of lending itself – which is regulated and falls within our jurisdiction. This means I can consider the contents of the valuation report.

I must make it clear though that I can't substitute my own view for that of the surveyor. I'm not qualified to do so, and it wouldn't be appropriate. I can consider whether errors were made.

Ms A says there is a visible crack in the lintel above a window. She says this was there before they bought the property and is visible on pictures available from the internet taken before they bought the property. She says this led to structural movement and further damage to the property. Ms A said this was a "significant visible defect" under RICS guidelines.

Ms A feels strongly that the surveyor that valued the property made an error. But I don't think she's provided sufficient evidence to support this. The evidence I have received is:

- Ms A said a builder noticed the problem with the lintel and told her she'd need to get a structural report.
- After Ms A and Mr A raised their complaint, Halifax instructed a surveyor to inspect the property. The surveyor said any movement is of long standing and non-progressive in nature. The surveyor said there was no detriment or material effect on the market valuation for the property in 2015 for this minor cracking.
- The surveyor that carried out the recent inspection said windows and doors had been changed since Ms A and Mr A bought the property, including the window with the lintel Ms A says is cracked. There's no evidence that the contractors that replaced the window (who are presumably knowledgeable in this area) said there was a problem with the lintel.

Based on the available evidence, I don't think I can fairly find that the crack Ms A is worried about should have been highlighted in 2015 as an item the valuer considered would materially affect the value of the property. In fact the strongest evidence I have – the opinion of a qualified surveyor who inspected the property – is that this wasn't the case.

Halifax said if Ms A wasn't happy with the inspection carried out she should seek an independent expert report. Halifax said it would need independent professional evidence to demonstrate the cracking to a ground floor lintel above the rear door/window is significant and progressive. Ms A hasn't provided an expert report.

While Ms A says there will be significant costs involved in putting the defect right, and the property value will be affected she hasn't provided evidence to support this. Ms A hasn't provided a report by a surveyor or other suitably qualified expert to demonstrate there is a significant problem that needs to be fixed, the work that would be needed or the likely cost of this work.

In the circumstances, I don't think it's fair and reasonable to require Halifax to pay compensation for the cost of any potential work to the property or for any possible effect on its value.

Halifax offered £200 for not responding promptly when Ms A raised her concerns. I think for the inconvenience caused by the delay in getting an answer from Halifax, this is fair and reasonable.

My final decision

My decision is that Bank of Scotland plc should pay £200 to Ms A and Mr A, as it offered to do.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms A and Mr A to accept or reject my decision before 23 May 2022.

Ruth Stevenson
Ombudsman