

## The complaint

Miss P and Mr T complain that Yorkshire Building Society trading as Chelsea Building Society did not give them appropriate assistance when they believed their property was undervalued by a surveyor.

## What happened

Miss P and Mr T have a mortgage with Chelsea. In 2023, they applied to borrow an additional amount on their mortgage. Chelsea recommended a five-year fixed rate of 5.63% - that was available for loans to value of up to 65%.

A valuation was carried out, but the surveyor thought the value of the property for mortgage purposes was around £350,000 lower than Miss P and Mr T thought. As a result, the loan-to-value was above 65%, so they did not qualify for the interest rate product they'd originally chosen.

Miss T and Mr P appealed the valuation. But the surveyor stood by the original valuation. Chelsea gave Miss P and Mr T the choice to lower the amount borrowed to bring it within 65% loan-to-value or to switch to a product from its 85% loan-to-value range of 5.94% fixed for two years. Miss P and Mr T went ahead with the higher interest rate.

Miss P and Mr T complain that Chelsea has not treated them fairly:

- The surveyor undervalued the property by around 30%.
- The properties used by the surveyor were not comparable to their home – the condition, location and size of the properties were different.
- They'd been forced to take a more expensive product.
- They'd had another valuation carried out that valued the property higher than their original estimated value. In view of that, Chelsea and the surveyor ought to have reviewed the decision – and in particular compared the information provided by the original and new surveyor. They believed that the original surveyor had not sufficiently shown that they had carried out adequate due diligence,

The investigator did not think the complaint should be upheld.

Miss P and Mrs T did not accept what the investigator said. They made a number of points, including:

- The surveyor acted below the competency required of their profession.
- Chelsea said it would raise a formal complaint with the surveyor, but it did not do so.
- The new survey was clear evidence that the initial surveyor was not competent.

- Chelsea refused to review the new surveyor's report or to send it to the original surveyor.
- Chelsea closed the complaint about it refusing to pursue the complaint about the surveyor and refusing to consider the new report.

### **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.

#### Valuation

I can only look at any acts or omissions by Chelsea. The surveyors are not covered by our jurisdiction. So I can't consider whether the original surveyor acted negligently or made a mistake in valuing the property.

Chelsea instructed an independent firm regulated by the Royal Institute of Chartered Surveyors (RICS) to carry out the valuation and it was carried out by a registered valuer of that firm. It was reasonable therefore for Chelsea to rely on the valuation report. It was carried out by a suitably qualified independent person.

#### Appeal

Miss P and Mr T were entitled to challenge the valuation. It is not unusual for borrowers to question a valuation where a property has been down valued – particularly where it affects the loan-to-value and the interest rate available to them. So Chelsea should have a process in place to deal with appeals.

Chelsea has provided evidence that it does operate an appeals process where a property has been down valued. It asks the borrower to provide three comparable properties that have sold in the last six months. That information is reviewed by an underwriter and if they consider there are reasonable grounds to challenge the original valuation then the new information is passed to the original surveyor to review.

The evidence I have shows that Chelsea followed its process. It put the comparable properties to the surveyor to review their original valuation. The surveyor reviewed the information and was not minded to amend their original valuation. They gave reasons why they did not consider the properties were comparable because of the relative size, locations and/or condition of the properties. They believed that the sold properties they had used were a similar size, location and condition – and that they had made adjustments when there were differences in any of those things.

I consider it was reasonable for Chelsea to accept the surveyor's opinion. They gave reasons why the property details given by Miss P and Mr T were not in their opinion comparable to the mortgage property. Looking at the information available to Chelsea, there was no reason for it to doubt what the surveyor said. And again, it was reasonable for it to rely on the opinion of a suitably qualified independent third party.

#### New valuation

Miss P and Mr T instructed their own valuation. The surveyor said the market value of the property was higher than the original valuation.

Chelsea has provided evidence that its policy is that it will not instruct another valuer except in the most exceptional circumstances and with the approval of its chief valuer. Chelsea said

it had already followed and exhausted its own appeals process when Miss P and Mr T got the new valuation. There was no further ability to appeal the original valuation.

I understand Miss P and Mr T's position. Their own belief was that their home was worth more than the original valuation – and that was supported by the new valuation they instructed.

Looking at things independently, I don't consider that the new valuation compelled Chelsea to do anything more. I say that because it was entitled to rely on the independent opinion of the surveyor it had instructed and it had exhausted its appeals process. The property was relatively unique – it was not, for example, on a housing estate in a built-up area where there would be lots of very similar properties. In those circumstances, it would not be unusual for there to be some difference of opinion between different surveyors about the value of a property. It would not necessarily follow that the original or new valuation was "right" or "wrong" or that the original valuer was not competent.

### Complaint

Chelsea has given us a copy of an email it sent to the firm of surveyors in January 2024 raising a complaint. It said that Miss P and Mr T were not happy with the low valuation, the comparable properties they'd provided had not been taken into account, the comparable properties used by the surveyor would justify a higher valuation, there was no way of showing the surveyor's "working out" and they did not have any faith that the valuation was carried out with appropriate professionalism or due diligence.

I am satisfied that Chelsea did raise a complaint with the surveyors. The surveyors provided a very brief response that it had reviewed the original valuation and the appeal and it was satisfied they'd been carried out correctly. But I can't see that Chelsea would be required to pursue things further. That was a decision it was entitled to take, bearing in mind it had instructed the valuation.

### Summary

The valuation was for mortgage purposes. The information provided by the original surveyor was in line with what I would expect to see both for the original valuation and in the appeal. I don't consider it was unreasonable for Chelsea to accept the opinion of a suitably qualified independent surveyor.

I don't agree that the new valuation proved the original valuation was wrong or that it would require Chelsea to pursue things further.

Chelsea gave Miss P and Mr T the choice to reduce their borrowing to bring it below 65% loan-to-value but they decided to proceed with the higher rate. That was their decision.

Overall, I don't consider Chelsea has acted unfairly or unreasonably. It was entitled to rely on the original valuation report and properly followed its appeals process when Miss P and Mr T questioned the valuation.

### **My final decision**

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss P and Mr T to accept or reject my decision before 5 December 2024.

Ken Rose  
**Ombudsman**