

The complaint

Mr and Mrs C complain that NATIONAL WESTMINSTER BANK PUBLIC LIMITED COMPANY doesn't have a procedure under which they could challenge the valuation of their property.

What happened

Mr and Mrs C, through a third-party broker, submitted a mortgage application to NatWest in October 2024. They wanted to borrow a total of £1.1million on an interest only basis, which was to include repayment of their existing interest only mortgage of around £800,000. They estimated the value of their property to be £2.25million.

As part of the mortgage application process, NatWest instructed a third-party surveyor to carry out a mortgage valuation. The surveyor concluded that the value of the property was £1.6million – around £600,000 less than Mr and Mrs C were expecting. This meant that the maximum amount NatWest could offer Mr and Mrs C on an interest only basis was £800,000 in line with its policy. And any borrowing over that amount would need to be on a capital repayment basis.

Mr and Mrs C's broker contacted NatWest shortly after the valuation was completed and was told it couldn't be challenged. The broker told NatWest that Mr and Mrs C were unhappy with the "massive down value" but asked to proceed with the same loan amount, with £300,000 to be taken on a capital repayment basis. Further discussions took place around the interest rate product and maximum loan amount available, and Mr and Mrs C ultimately borrowed a total of around £960,000. The mortgage completed on 1 November 2024.

As Mr and Mrs C were unhappy with the valuation figure and that they couldn't challenge it, they complained to NatWest. In its response to their complaint, it said a suitably qualified surveyor had completed a standard mortgage valuation and had provided a value of £1.6million – it noted that the surveyor had concluded the instructed value of £2.25million was considered to be high and not supported by comparable evidence. NatWest said it has relied on the surveyor's professional expertise and opinion. And that this type of valuation has no right of appeal because it's solely for the Bank's use. NatWest didn't uphold Mr and Mrs C's complaint.

Mr and Mrs C didn't agree so they referred their complaint to the Financial Ombudsman Service. The Investigator didn't think NatWest had acted unfairly. He thought it was reasonable for NatWest to rely on the surveyor's valuation. He also concluded that it wasn't unfair that NatWest didn't accept a valuation challenge from Mr and Mrs C.

Mr and Mrs C disagreed with the Investigator's conclusion and asked for their complaint to be reviewed by an Ombudsman. So, it has been 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.

NatWest appointed a third-party surveyor to provide a mortgage valuation of Mr and Mrs C's property. A mortgage valuation is carried out for the benefit of the lender and helps it to determine whether the property is suitable security for the proposed mortgage and how much it is prepared to lend. It is not intended to be relied on by consumers to determine the purchase (or sale) value of their property, for example.

When appointing a third-party surveyor, the lender should ensure the surveyor is suitably qualified. Here, I note the appointed surveyor was Royal Institution of Chartered Surveyors ('RICS') qualified. I am, therefore, satisfied that NatWest appointed a suitably qualified surveyor and that it was entitled to rely on the surveyor's professional opinion of the property value. I'm also satisfied the surveyor was independent of NatWest and so, while I appreciate Mr and Mrs C feel the surveyor was negligent, I cannot hold NatWest responsible for the surveyor's actions.

However, I think the crux of Mr and Mrs C's concerns is that NatWest doesn't have a process by which they could challenge the property valuation. They consider this isn't a fit and proper process and they allege there was collusion between NatWest and the surveyor, leading to Mr and Mrs C having to change aspects of their mortgage.

As set out by the Investigator, NatWest does have a process under which property valuations can be challenged, but this is subject to specific criteria being met. This information is available on NatWest's intermediary website – so would have been available to Mr and Mrs C's broker – and says that valuation challenges will only be accepted where they meet one of the following criteria:

"1) Factual error on the valuation instruction e.g. number of bedrooms noted is incorrect..."

"2) The property is a New Build and there are relevant recent comparables on the same site, along with evidence of second hand properties and/or other new build properties on a separate development..."

I appreciate the property valuation was less than Mr and Mrs C were expecting, but that does not meet the first criterion above which requires there to be a factual error with the instruction of the valuation. The instruction of the valuation (i.e., the information given to the surveyor by NatWest prior to the valuation) does not, in my view, extend to the provision of the valuation report itself – including the value given by the surveyor. The second criterion doesn't apply either, as Mr and Mrs C's property was not a New Build.

I consider it's fair for NatWest to have this process and criteria in place for mortgage valuation challenges. And I don't think it'd be fair to say that NatWest should allow an appeal to the valuation simply because Mr and Mrs C don't agree with the figure given. I have not seen any reason in this individual case to suggest NatWest should have treated Mr and Mrs C differently.

I have considered the estate agent's appraisal Mr and Mrs C have shared with this Service. This was provided to them before the valuation for mortgage purposes took place. And I note that the 'guide price' given is £2.25million. But the estate agent's appraisal document makes it clear it is not a formal valuation: "...this is not a formal valuation and should be considered for marketing purposes only." A valuation for mortgage purposes – which I have explained above – is not the same as an estate agent's marketing figure which is aimed at achieving the best potential sale price. It is for the benefit of the lender to help it decide if it will lend and, if so, on what terms.

Ultimately, I think it is fair that NatWest has relied on the professional opinion of an independent RICS qualified surveyor. And I have not seen any compelling evidence to support Mr and Mrs C's allegation that NatWest colluded with the surveyor so as not to give them the mortgage they wanted. I appreciate Mr and Mrs C wanted to keep the interest rate they'd secured with NatWest. But if they didn't want to take the mortgage on the terms NatWest offered, they were not bound to do so.

I appreciate Mr and Mrs C feel strongly about their complaint and will be disappointed with the outcome of my decision. But as I do not consider NatWest has acted unfairly, I won't be directing it to do anything differently.

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 Mr C and Mrs C to accept or reject my decision before 7 July 2025.

Keith Barnes
Ombudsman