DRN-5382070

## The complaint

Mr S complains that Castle Trust Capital PLC overvalued his property when he redeemed his buy-to-let mortgage.

## What happened

In 2014, Mr S took out a buy-to-let equity loan with Castle Trust over a term of ten years. He borrowed £60,000 against a property valued at £300,000. Under the terms of the agreement, he agreed to repay the amount borrowed plus 40% of any increase in value of the property since it was taken out.

In 2024, a valuation report was carried out on the mortgaged property. It said the estimated value of the property was £512,000, with a projected market value of £485,000 assuming 90 days marketing. Castle Trust used the higher figure in deciding that the property had increased in value by £212,000 since it was taken out – so Mr S had to pay £84,800 in addition to the amount originally borrowed to redeem the mortgage.

Mr S complains that the valuation Caste Trust used to calculate the redemption figure had overvalued the property. Mr S said that he later sold the property for £395,000.

The investigator did not think the complaint should be upheld.

Mr S did not accept what the investigator said. He made a number of points, including:

- He did appeal the valuation, but they could not do so because Castle Trust required him to redeem the loan. He was not told there was an appeals process. Castle Trust was only contacting him to discuss the redemption process, not the valuation.

- He offered to instruct his own surveyor, but Castle Trust refused and said it had to use the one it instructed. He was never made aware of any appeals process.

- The surveyor was acting as an agent of Castle Trust and therefore Castle Trust should be responsible for any errors the surveyor made.

- He is unable to pursue a complaint against the surveyor as Castle Trust was the client, not him.

- At the start of the loan he was concerned that the property had been undervalued and asked if he could submit another valuation. But Castle Trust refused.

- Under the terms of the loan, if the property was sold before maturity, then the sales price would be used to calculate the uplift in value of the property. The actual sales price achieved for the property was £117,000 lower than the surveyor's estimated value. That supports that a more accurate valuation was closer to £395,000 than £512,000.

- Castle Trust led him to believe that it would proceed with recovery action if the loan was not repaid.

- The investigator said the valuation was lower than the house price index. Castle Trust told him that the surveyor was chosen because of their knowledge of the local area – and he told him the house was "tired" and needed major refurbishment. If the surveyor looked inside the property he would have seen it was the case. He was told the surveyor did do that – but the valuation suggests not.

**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.

Mr S has said he complained that the property had been undervalued when the loan was taken out. There is no written acknowledgment of a complaint being made at that time – therefore any complaint about that has been made outside the time limits in our rules. In any event, Mr S has told us that his main complaint is about the valuation carried out in 2024.

Under the terms of the loan a valuation was required before making full repayment of the loan at the end of its term if the property was not sold. Castle Trust instructed an independent surveyor who was a member of the Royal institute of Chartered Surveyors to carry out the valuation. That was a reasonable way for it to obtain a valuation of the property.

I can only consider complaints about any acts or omissions by Castle Trust. It was not responsible for the content of the valuation. But it was reasonable for it to rely on the opinion of a suitably qualified person. Looking at the content of the valuation, I can't see that a reasonable lender would have had any reason to question the valuation. Therefore it was fair and reasonable for Castle Trust to use the valuation to determine how much Mr S would need to pay to redeem the mortgage.

I accept that when Mr S later sold the property he was only able to achieve a sale price that was significantly lower than the valuation. But if he did not agree with the valuation Castle Trust had an appeals process he could go through. The terms and conditions set out that if Mr S disagreed with the valuation he could request a second valuation – and if he disagreed with the second valuation he could request a third. I consider that was a reasonable way to deal with any disputes about the valuation – and Mr S agreed to that when he took out the mortgage.

Looking at the communication that Mr S had with Castle Trust before the mortgage was redeemed, I am satisfied that it set out a number of times in a sufficiently clear, fair and not misleading that Mr S had the ability to appeal the valuation if he did not agree with it – both before and after the valuation was carried out.

We have evidence that Castle Trust told Mr S that if the valuation was being appealed then it would take that into account and allow for that to be resolved if the mortgage reached maturity. While it later said that it would look for the mortgage to be repaid at the end of its term, that was not in the context of the appeal process being followed. Overall, I don't consider Castle Trust misled Mr S about his ability to appeal the valuation if he wished.

While I can see that Mr S queried the difference between the "market value" and "projected market value (assuming 90 days marketing)" and asked Castle Trust if it would accept a reduced settlement figure, I can't see that he made an appeal about the valuation itself. I don't consider that Castle Trust had any reason to believe that Mr S wanted to appeal the valuation until he made this complaint in October 2024. But that was too late.

Overall, I don’t consider Castle Trust acted unfairly or unreasonably in the way it dealt with the valuation and redemption of the mortgage.

For completeness, I would add that we are unable to consider a complaint about whether it was reasonable for Castle Trust to use the market value rather than the projected market value in setting the redemption figure. That is because it sent Mr S a final response to his complaint about that on 25 March 2024. But Mr S did not refer his complaint to us until 6 November 2024. That was outside the six month time limit he had to refer the complaint to us. And I am satisfied that there were no exceptional circumstances that prevented him complying with our time limits.

Under the terms of the mortgage Castle Trust was entitled to pass on the cost of the valuation to Mr S.

**My final decision**

My final decision is that I don’t uphold this complaint.

Under the rules of the Financial Ombudsman Service, I’m required to ask Mr S to accept or reject my decision before 15 July 2025.

Ken Rose
**Ombudsman**