

The complaint

Mr and Mrs L have complained about the valuation that was carried out when they applied for an equity release mortgage with Canada Life Limited. They've said the property was undervalued and they're unhappy that, when they appealed, it wasn't looked at by a different surveyor.

What happened

In November 2024 Mr and Mrs L applied for an equity release mortgage with Canada Life through a mortgage broker. They asked for a loan amount of £200,000 with a £250,000 cash reserve facility, and they estimated their property was worth £1.6m. The interest rate on the initial loan amount was to be fixed at 5.78% for the life of the mortgage, and the paperwork said any withdrawals from the cash reserve would be charged at the fixed interest rate applicable at the time.

Canada Life instructed a mortgage valuation, and that was carried out on 13 November 2024 with the surveyor giving a value of £1.3m for the property. A valuation appeal was submitted but that was unsuccessful.

A complaint was made which Canada Life didn't uphold. It said because the property had been downvalued whilst Mr and Mrs L could still have the initial £200,000 advance, the cash reserve facility was reduced to £190,000. It said the valuation appeal had been considered by the surveyor and they had explained why they weren't willing to increase their valuation figure. It said the estate agents Mr and Mrs L had reports from weren't valuing the property for mortgage purposes, and the surveyor had taken any differences in the chosen comparables into consideration. It closed by saying additional borrowing may be available at a higher interest rate, but Mr and Mrs L would need to discuss that with their mortgage broker.

Our Investigator didn't uphold the complaint. She said a lender is entitled to rely on the opinion of a qualified surveyor and an appeal was considered. She explained that the comparable properties Mr and Mrs L had provided for the appeal were sold too long ago, and Canada Life did nothing wrong in not asking a different surveyor to consider the appeal.

Mr and Mrs L didn't agree with our Investigator's findings and so the case was 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.

I trust Mr and Mrs L won't take it as a discourtesy that I've condensed their complaint in the way that I have. Although I've read and considered the whole file I'll keep my comments to what I think is relevant. If I don't comment on any specific point it's not because I've not considered it but because I don't think I need to comment on it in order to reach the right outcome.

Having carefully considered all of Mr and Mrs L's submissions, I can appreciate they feel strongly about the valuation reached by the surveyor instructed by Canada Life. I can understand why it would be disappointing to learn that the market value as assessed by the surveyor was lower than they'd hoped. However, it is not within the remit of our service to decide whether an accurate valuation has been reached. I'm limited to considering the actions of Canada Life during this application and valuation process and deciding whether it has treated Mr and Mrs L fairly and reasonably.

Canada Life doesn't have the expertise to value property, so it employs the services of a surveyor. When doing so, it's obliged to instruct a suitably qualified surveyor – a requirement that was fulfilled in this case by appointing a member of the Royal Institution of Chartered Surveyors. Canada Life is not accountable for any act (or omission) by the surveyor or the firm they work for. That means I can't consider a complaint about the contents of the valuation report (that is, whether there are any inaccuracies or omissions, and the valuation figure given) as the surveyor isn't covered by our jurisdiction.

When Mr and Mrs L disputed the valuation, Canada Life engaged with them and passed the challenge to the surveyor. I'm satisfied Canada Life gave Mr and Mrs L a fair opportunity to raise their concerns, and passed the challenge to the surveyor for comment. It's the job of the surveyor to complete an independent valuation based on their own opinion and comparable properties. When Mr and Mrs L challenged the valuation, the surveyor remained satisfied that the valuation had been reached by the most relevant and robust comparable transactions in the immediate locality. Whilst I appreciate Mr and Mrs L don't agree with it, I wouldn't expect Canada Life to question the reliability of the valuation beyond the challenges that were made here.

The surveyor, as an independent professional, decided the property was worth £1.3m. Canada Life put forward Mr and Mrs L's appeal to the surveyor and they stood by the valuation figure they'd given. That's all Canada Life can do as the surveyor is a suitably qualified professional and Canada Life is entitled to rely on their advice and opinion. I acknowledge Mr and Mrs L think the appeal should have been looked at by a different surveyor, but that isn't something I would interfere with. The surveyor was an independent professional so Mr and Mrs L's suspicion that ultra cautious valuations are wanted by Canada Life falls down as the independent surveyor has no interest in what interest rates Canada Life may choose to lend at. There's simply no benefit to the surveyor in down valuing properties. I haven't seen any evidence that would lead me to conclude that the surveyor didn't reach their conclusions independently and impartially in this case. There is no evidence that Canada Life tried to influence the surveyor's valuation.

I understand why Mr and Mrs L feel a second opinion may have helped them, but why should Canada Life consider a second valuation figure more valid than the first, when the first has been given by a suitably qualified independent professional that has visited the property and set out their reasons for reaching the figure that they did? I understand why Mr and Mrs L are confused because some estate agents had suggested marketing their property at £1.65m to £1.85m. But Canada Life instructed a suitably qualified surveyor, it went through an appeals process, and it was entitled to rely on the professional expertise and judgement of the surveyor. I understand how disappointing this was for Mr and Mrs L but Canada Life didn't need to do anything more.

A valuation for lending purposes is just for the lender's benefit. A lender is entitled to decide what – if any – valuations can be appealed, and the criteria for those appeals. Canada Life went through an appeals process, and the expert surveyor wasn't persuaded to change the valuation figure they had given.

Ultimately, Canada Life is the lender here. It was entitled to rely on the surveyor's professional expertise in considering the property's value and whether it offered suitable security. As I've explained, my decision is limited to whether it was fair and reasonable for Aviva to accept what the surveyor said, and while I can appreciate that the process may have been frustrating for Mr and Mrs L, I can't reasonably conclude that this was the fault of Canada Life.

My final decision

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr and Mrs L to accept or reject my decision before 13 March 2026.

Julia Meadows
Ombudsman