

The complaint

Mr C's buy to let mortgage with Topaz Finance Limited trading as Hyalite Mortgages is in negative equity. He complains that the original valuation was inflated and he was prevented from making an informed choice about whether to go ahead with the mortgage.

What happened

Mr C took out a mortgage with a lender I'll call M in 2006. The purpose of the mortgage was to purchase a property to let out. The mortgage is ongoing, and was transferred from M to Hyalite in 2023. As the current lender, Hyalite is responsible for answering this complaint.

Mr C says he bought the property for £132,450, paying a deposit of 5% (around £6,200). Mr C says the developer he bought the property from told him the property would be worth around £150,000 by completion, having increased in value since he reserved it, meaning he could secure a mortgage at 85% loan to value.

Mr C complained to Hyalite in January 2025. He said that the mortgage valuation was inflated and in reality the property was worth much less than the £149,950 set out in the valuation. He said the property was mis-represented to him as a result, and it's likely the valuer was negligent. He said the property is now worth only around £70,000. He also said that he was given no choice of broker, solicitor or valuer and so was deprived of independent advice.

Hyalite said the mortgage was based on an independent valuation for lending purposes – the valuation was not for Mr C's benefit and it was up to him to make his own arrangements to satisfy himself about the value of the property he was buying. It said the original lender imposed no restrictions on Mr C's choice of broker and solicitor, neither of whom were selected by M.

Our investigator didn't think the complaint should be upheld, so Mr C asked for it to be reviewed by an ombudsman.

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.

Since first making this complaint, Mr C has made a further complaint to Hyalite which it has responded to separately. That complaint concerns the disclosure of a developer's incentive and whether the mortgage lending was fair as a result. Because that wasn't part of this complaint when it was originally responded to by Hyalite, that would need to be considered separately. Mr C should let the investigator know if he wants us to consider that complaint. In this decision I'll only be considering the original complaint about the valuation. Although the mortgage was lent in 2006, I can consider whether the original lending decision, based on the valuation, has resulted in an unfair relationship between Mr C and Hyalite.

Mr C has pointed to Financial Conduct Authority principles, and to the rules of mortgage

regulation. But this is a buy to let mortgage – buy to let mortgages are unregulated, and therefore the rules and principles don't apply here.

The mortgage offer from 2006 says that Mr C was borrowing £127,457 plus fees, and that the purchase price of the property was £149,950, with a loan to value of 85%. That reflects the valuation which the lender commissioned – the valuer said the property was worth £149,950.

Mr C says that's not correct. The property was in reality worth much less. It's still worth much less than that today. As a result of what he considers to be the valuer's negligence, he was lent a mortgage he should never have been given and which created an unfair relationship.

The valuation was commissioned by the lender, not Mr C. It's standard practice for mortgage lenders considering an application to carry out a valuation of the property. The purpose of the valuation is to advise the lender on whether the property is good security for the mortgage – it's not to advise Mr C on the wisdom or otherwise of buying the property. The courts have confirmed that neither the lender nor the valuer owe the borrower any duty in respect of a buy to let mortgage valuation, and that the borrower isn't entitled to rely on the lender's valuation.

The valuation advised the lender that the property was worth more than the mortgage amount, and that the mortgage came within the 85% loan to value limit. Based on that, the lender decided to accept Mr C's application.

But that wasn't advice to Mr C on the property's value. As I say, the courts have said a buy to let borrower can't rely on a lender's valuation. And in practice I think it's clear that Mr C didn't rely on the valuation when deciding whether or not to buy the property. He'd already made that decision when he applied for the mortgage to fund the purchase – before the lender's valuation was carried out. I don't know whether or not Mr C had his own survey done to advise him on the property purchase, or if he did what that valuation said. But neither the original lender nor Hyalite is responsible for that.

Mr C's problems in this complaint stem from the fact that the property is now worth less than the mortgage balance. That might be because it was over-valued when he bought it, or it might be because it's fallen in value since. But either way, it was his decision to purchase an asset which hasn't turned out to have had the value or returns he hoped for. He'd already made that decision when he applied for the mortgage. The fact that property values can fall as well as rise is one of the risks that comes with being in the property business. I'm not persuaded that there was anything wrong with the lender's decision to lend based on Mr C's application and its own valuation, or that the relationship between him and Hyalite is now unfair as a result.

I've also not seen any evidence that the lender restricted Mr C's choice of broker or solicitor. It was the broker that applied to the lender on his behalf – meaning he had already engaged the broker before the lender was even approached. And I've not seen anything to suggest that the lender required Mr C to use a particular solicitor either. The lender did choose its own valuer, but as I've said that was solely for its own purposes, that valuer was not advising Mr C, and there was nothing the lender did which would have stopped him instructing his own surveyor to advise him on the separate decision to purchase the property. So there's no basis on which I can conclude that the relationship between him and Hyalite is unfair on this basis either.

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 C to accept or reject my decision before 5 January 2026.

Simon Pugh
Ombudsman