

The complaint

J, a limited company, complains that Aldermore Bank Plc has recently sought to exercise its right under J's mortgage with it, to revalue one of J's mortgaged properties. J says this action is prohibited by case law and by Financial Conduct Authority ("FCA") principles.

Mr J brings this complaint on behalf of J.

What happened

Mr J said J had a small number of Buy To Let ("BTL") mortgages with Aldermore. This complaint focusses on one of those mortgages. The original offer for that mortgage included a condition saying Aldermore can instruct a fresh valuation of the property on the third anniversary of the mortgage being taken out, and every three years thereafter.

Mr J said Aldermore only wanted to exercise this right on one of J's mortgages. So Mr J said he had asked why. He told us Aldermore gave inconsistent answers. So he complained. Mr J said that Aldermore has to have a legitimate, logical reason to exercise the clause, it can't just go on a fishing expedition. Mr J said there is case law which agrees with him on this.

Mr J said he had asked for more information, including how Aldermore worked out J's income and the Loan To Value ("LTV") on the mortgaged properties. But Aldermore hadn't answered many of his questions. And he said even though he had told it that FCA rules say it isn't allowed to take enforcement action whilst a complaint is in progress, Aldermore has continued to seek revaluation and continued to ignore his questions.

Mr J said he wanted Aldermore to answer J's complaint fully and provide the information that he had requested. He said there had been no formal notice of the request to revalue sent by Aldermore, with a set date and time for the proposed revaluation, and he thought Aldermore had to provide this formal notice before it could trigger this provision under the mortgage conditions. He said Aldermore had no right to revalue in any case as it had missed the second three-year anniversary of the mortgage being taken out.

Aldermore didn't agree it had made a mistake or done anything wrong in asking to revalue J's property. It explained that it monitors index valuations of customer properties, and the data suggested this property's value had gone down. Aldermore could no longer be sure that the property's Loan To Value ("LTV") remained at or below 75%, and if it is above this level, then some further conditions of the mortgage could be triggered, requiring J to reduce its borrowing.

Because of this concern about the LTV for this property, and in line with the conditions of the mortgage, Aldermore wanted to obtain a fresh valuation of this property. Aldermore said that wasn't unreasonable. It didn't have the same concerns about J's other properties, so it hadn't made the same request in those cases.

Aldermore said it had also thought J might be renting out this property below market rent, but it later said that this wasn't a specific concern for this property, and it has apologised for any confusion here.

Aldermore said it had told Mr J that it wanted to revalue this property on 31 March 2025. It didn't get any response, so it followed up again via email on 30 June 2025, when Mr J had complained. Aldermore felt it had properly investigated this complaint, and provided a full response. It said it wasn't prohibited from moving ahead with the revaluation while J's complaint was considered.

Our investigator didn't think this complaint should be upheld. He said he could see there was a condition in J's mortgage offer confirming that Aldermore may revalue the mortgaged property on or around the third anniversary of the mortgage completion and each third anniversary thereafter. Our investigator said J agreed to this when it took out this mortgage, which began in March 2019. So Aldermore was entitled to revalue the property around March 2025. And on 31 March 2025 Aldermore had tried to arrange the revaluation. So he thought Aldermore had made J aware of its decision. He didn't think it had to send a formal notice to J, in order to rely on this mortgage term.

Our investigator said Aldermore had acted within the terms of the mortgage, and he said Aldermore isn't required under those terms to have a valid reason to revalue. But he also said he'd seen Aldermore's internal data which did suggest the property value had fallen, increasing the LTV to above the originally agreed 75%. So he also thought Aldermore had a valid concern about the value of the property. He recognised that Aldermore had wrongly suggested it had concerns about the rental income from this particular property, but he didn't think that undermined the valid concern Aldermore had explained.

Our investigator also noted that Aldermore didn't have the same concerns about the value of J's other properties, and therefore hadn't decided to revalue those.

Our investigator said that Aldermore had provided a reasonable amount of information to J in response to Mr J's questions. He wouldn't expect Aldermore to provide J with commercially sensitive information like the calculation methodology used for its lending and risk purposes.

Finally, our investigator said it wasn't unfair for Aldermore to seek to proceed with the revaluation while J's complaint was ongoing. He said businesses are entitled to proceed and take proposed actions, even while a complaint about those actions is ongoing. Then, if it's later determined the business has acted unfairly, our service can take the impact of those actions into account in the complaint redress.

Mr J replied on behalf of J, to disagree. He said it was unreasonable for our service to have given him only seven days to respond to the view, after J had waited for over three months for a response to its complaint. Mr J also said that our investigator hadn't considered what he felt was the relevant caselaw, and he set out a number of cases he felt were directly relevant to this complaint.

Mr J also said the investigator had ignored his comments about the lender breaching FCA principles, and instead commented on what he thought was fair and reasonable.

Mr J said that the principles of fair treatment had been breached, because Aldermore had decided to revalue his property, but wouldn't show him the data it relied on. Mr J said that was not in any way commercially sensitive information. Mr J also said that the principle of accuracy and diligence had been breached, because he said the correspondence to him was materially inaccurate, in that this property was said to be under-rented as reason for

revaluation when it wasn't. And Aldermore even got some names wrong. Finally he said that despite a complaint being logged, Aldermore had taken action before the complaint has been resolved. Mr J said that FCA principles are clear that no action is to be taken whilst a complaint is being addressed.

Mr J referred to institutions he said had been fined for breaching FCA principles.

Our investigator didn't change his mind. He said he'd reviewed the cases Mr J had cited, and they didn't change his mind. He didn't think it was unfair or unreasonable of Aldermore to rely on the mortgage terms both parties agreed to. And he thought it did enough to put J on notice that it had decided to revalue the property in 2025. He also didn't think FCA principles were breached here.

Mr J wanted this complaint to be considered by an ombudsman, so this case was then passed to me for a final decision.

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've reached the same overall conclusion on this complaint as our investigator.

Before I start to consider this complaint, I note that Mr J said it was unfair of our service to give such a short deadline for him to comment on the investigator's view. I'm sorry if Mr J felt this deadline was too short, and if he has been inconvenienced by this. (He may wish to be aware for the future that our service will consider a request for an extension of time.) However, I also note that Mr J did provide substantive comments to our service. He was then given the opportunity to add to these comments, and he has not chosen to do so. So I do think it's now appropriate to make a decision in this case.

J's mortgage offer contained the following condition -

The Bank may revalue the mortgage property/ies on or around (i) the third anniversary of completion of the loan and (ii) each third anniversary thereafter. A valuation fee in accordance with the Banks then standard rates will be charged to the borrower.

The condition continues, explaining that if the revised LTV is more than 75%, the borrower will be asked to make a capital payment towards the interest-only mortgage, to reduce the LTV back to 75% or less. If that payment is not made, the mortgage may be converted to a repayment mortgage.

Around the six-year anniversary of this mortgage having been drawn down, Aldermore told Mr J that it wanted to revalue one of the properties he had mortgaged with it. I'm satisfied that the contact Aldermore made was sufficient to notify J that Aldermore was applying this term, and that this was done within the timescales specified in the term itself.

Most importantly, Aldermore has told Mr J, and our service, why it did this. It had concerns, based on an indexed valuation, that this property had dropped in value, and might be worth substantially less, so would no longer meet the requirement in J's mortgage to maintain an LTV of 75% or below. Aldermore wanted to obtain a professional valuation, to check whether or not these concerns were well founded. Aldermore told us it didn't ask to revalue J's other properties, because it didn't have the same concerns.

Mr J has raised arguments which he says are based on case law and FCA principles. It has not been possible to root all of the arguments that Mr J makes in the case law he refers to and the FCA principles themselves, so I have considered these as general issues of fairness and reasonableness. As Mr J questioned our investigator's assessment against a benchmark of what was, in his view, fair and reasonable, I will just note here that I do think this in line with my duty to determine this complaint, which is set out in the FCA handbook as follows -

"The Ombudsman will determine a complaint by reference to what is, in his opinion, fair and reasonable in all the circumstances of the case."

Mr J said case law required any discretionary power to be exercised reasonably. But I think Aldermore has acted reasonably in exercising this term of the mortgage. I haven't seen anything to make me think that Aldermore's decision here was arbitrary, unsupported by evidence, or produced for an improper motive, as Mr J has claimed.

Mr J also pointed us to what he said was case law on estoppel, presumably in an attempt to argue that Aldermore cannot now change the value of J's property. However, I can't agree that any such change would be unfair or unreasonable here. Property values shift, and Aldermore has agreed an interest-only mortgage with J. That means the payments J makes aren't reducing the overall debt, so Aldermore's lending risk does increase if the LTV rises above 75% because the property value has dropped. It's not unfair or unreasonable for Aldermore to have provided for this in its mortgage agreement, requiring a professional reassessment of value if, on a three-yearly review, it has concerns that the value of a property has dropped.

Mr J also argued that the mortgage term was invalidated because Aldermore hadn't revalued the property on the first three year anniversary of the mortgage being taken out. Again, I don't agree. The mortgage term says that Aldermore "may" revalue. It isn't obliged to do so, and it has set out that it will not incur the expense of a revaluation (which the same term requires J to pay) if it doesn't have concerns about a property's value. That is not unreasonable or unfair, and I don't agree with Mr J that this would prevent Aldermore from revaluing in future years, when it does have such concerns.

Mr J argued Aldermore was applying a penalty, because he said the proposed revaluation, and subsequent action to reduce the loan to 75% LTV was disproportionate to the risk Aldermore faced. His argument here is based on all of the properties that Aldermore has lent on being cross-charged, so he said if the portfolio as a whole was over 75% LTV, then Aldermore shouldn't seek to revalue any of the properties.

As a starting point, it's worth noting that Aldermore doesn't appear to me to be relying on indexed valuations here to do any more than point it towards possible risk, which it is then seeking to investigate based on proper professional valuations. I've explained above that I think that approach is fair and reasonable. But that means it's difficult to know how Aldermore could reach a firm conclusion that J's property portfolio overall is performing so well that it doesn't need to ask J to reduce its debt on this property, if it only obtains a formal revaluation on this one of J's properties.

I have found it difficult to see how this point can be used to support Mr J's argument that Aldermore should not revalue one of the properties. If Aldermore were to take an approach to risk based on the portfolio overall, then it would need to be confident about the valuations of all of J's properties. And there's been no suggestion at all that J would be happy to pay for multiple revaluations, so that Aldermore could be sure the portfolio overall is providing sufficient security for cross-charged lending.

Mr J said it was a requirement of fair treatment that Aldermore should show him the data which lay behind its concerns. I can see that Mr J's request for data said this – *“Show me the index value of each property against the loan for said property every month since I took the loans out and show the LTV ratio. Please provide also the precise methodology for your indexed valuations.”* I don't think Aldermore had to provide all that data. It has given Mr J the current indexed valuation for the property it seeks to revalue, and said that this takes into account *“recent sales activity in the area on similar properties”*. I think, in circumstances where Aldermore is only seeking to rely on this data to decide whether it should obtain a full professional valuation on this one property, that is a fair and reasonable response for Aldermore to have made.

Mr J said correspondence to him had been materially inaccurate. He's mentioned missing attachments, incorrect names, and the wrong reason being given for revaluing his property. It's regrettable if Aldermore has included typographical errors in its letters, or failed to add attachments, but that doesn't undermine the steps it is taking here. And although Aldermore initially offered the rental value of this property as a possible extra support for revaluation, I'm satisfied that the main reason it initially gave, which it continues to rely on (a reduction in the indexed value of this property) is sufficient to make the steps it is taking fair and reasonable. So the fact that Aldermore no longer relies on the rental value of this particular property as a reason for its actions, also doesn't undermine the steps it is taking here.

Finally, Mr J said that despite a complaint being logged, Aldermore had taken action to move ahead with the valuation before that complaint was resolved. Mr J said that FCA principles are clear, no action is to be taken whilst a complaint is being addressed.

I do think it's important to be clear here that there is no such general and absolute prohibition on banks taking any steps at all to move ahead with actions which are the subject of any complaint. I appreciate Mr J may not have considered that such a provision would be open to abuse, but I'm sure he could imagine how any such principle could be used as a delaying tactic by a complainant who was not acting in good faith.

Our investigator has explained that if banks move ahead with contested actions, then, broadly speaking, our service is able to take into account the subsequent impact of a bank's actions on a complainant. However, I don't consider that's appropriate here, because I don't think that Aldermore has been unfair or unreasonable in this case.

I know that Mr J, on behalf of J, will be disappointed, but I don't think this complaint should be upheld.

My final decision

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask J to accept or reject my decision before 30 January 2026.

Esther Absalom-Gough

Ombudsman