

complaint

Mr Y complains that Bank of Scotland plc, trading as Birmingham Midshires, undervalued a buy to let property he intended to re-mortgage in 2013. This resulted in him being given a lower mortgage offer than he wanted.

Mr Y wants Birmingham Midshires to refund the cost of the valuation that he paid for.

background

Mr Y, through a broker, approached Birmingham Midshires looking to re-mortgage a buy to let property which he owned. This was to allow him to buy further property.

Birmingham Midshires asked for a valuation to be conducted. Mr Y has told us that he paid £505 for the valuation by a surveyor of Birmingham Midshires's choosing.

The surveyor valued the property at £270,000 in October 2013. As a result, in November 2013 Birmingham Midshires offered to lend Mr Y £162,000 which represented 60% of the value of the house. The offer expired in April 2014.

In mid-April, Mr Y asked Birmingham Midshires to extend the mortgage offer. It did so, issuing new paperwork which indicated that Mr Y still only wanted to borrow £162,000, but which suggested that the property was now worth £320,000.

Mr Y has told us that his broker contacted Birmingham Midshires to ask why, if the property was now worth £320,000, the amount of requested borrowing had not also been increased so that it still represented 60% of the loan to value of the property.

Birmingham Midshires advised Mr Y's broker that the valuation of the property remained at £270,000 and that the increased value recorded in the April paperwork was a mistake. It gave Mr Y an apology and £100 in recognition of its error. Birmingham Midshires re-offered the mortgage to Mr Y in May 2014 on the same terms as it had offered in November 2013.

Mr Y has complained to this service that Birmingham Midshires has not taken account of the fast moving property market in London, and that house prices rose between October 2013 and April 2014. He feels that, as a new valuation was not undertaken in April 2014, his valuation fee should be refunded to him.

Our adjudicator was of the view that this complaint should not be upheld. Mr Y did not agree with this view, so it falls to me to make a final decision on the complaint.

my findings

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint.

While I have some sympathy with Mr Y's frustration in this scenario, I do not uphold his complaint. I have set out my reasons below.

The valuation of Mr Y's property was undertaken by a professional surveyor in October 2013, and that is the service he paid for. While I appreciate that the surveyor's opinion did not agree with Mr Y's own valuation of the property, there was no requirement upon the surveyor that it should.

I have seen no evidence that Mr Y challenged the surveyor's opinion by providing an alternative professional survey or demonstrating that comparable property was valued more highly.

I understand Mr Y's view that the property market was moving fast in London and that by April 2014 it is likely that his property would have increased in value. And I can see why Mr Y might have expected Birmingham Midshires to complete a new valuation of the property as six months had passed. But Birmingham Midshires was not required to undertake a new valuation of the property, because Mr Y had asked it to extend the deadline on its *original* mortgage offer. I note that Birmingham Midshires did, none-the-less, contact the surveyor again in April 2014 to ask for confirmation of the valuation. The surveyor replied that the valuation stood because of its knowledge of the local property market, not because it had re-visited the property.

So, on balance, I think that Birmingham Midshires did all that could reasonably be asked of it. As it undertook the original survey when asked to lend money to Mr Y, I think it is fair that Mr Y paid for the survey. I do not see that there are any grounds for returning the survey fees to Mr Y.

Given that Birmingham Midshires did make a mistake when it provided Mr Y with new paperwork in April 2014, I think it is right that it offered him some compensation. The amount offered seems appropriate to me.

my final decision

For the reasons I have set out above, I do not uphold Mr Y's complaint. I do not make any award against Bank of Scotland plc, trading as Birmingham Midshires.

Under the rules of the Financial Ombudsman Service, I am required to ask Mr Y to accept or reject my decision before 9 July 2015.

Roxy Boyce
ombudsman