

A guide to desktop valuations

To protect the health and safety of our people, customers and partners, we're following the UK Government's guidance on social distancing and safe working practices. The measures we've put in place to keep our customers safe mean that we will be moving to desktop valuations on Monday 6th April. This means that an independent valuer will not need to visit customers' homes at this time.

We've worked extremely hard to implement a robust desktop solution quickly. Our surveyors are currently fully operational and are highly experienced in providing Digital Valuations to lender clients, with their Registered Valuers completing over 50,000 successful valuations per year.

Key summary

- A desktop valuation will be completed by an independent valuer using **publicly available information** to assess the value of a client's home.
- Because a desktop valuation is less accurate than a valuer visiting a property, we will use **95% of the desktop valuation** when we calculate the amount we can lend to your clients.
- To support this, you should temporarily change the way you estimate a client's property value, by **reducing their estimate by 5%** when you submit an application. For example if a property is estimated at £200,000 then you should base the product selection and application on £190,000.
- Please be aware **not all properties are suitable** for a desktop valuation. We'll let you know if your client's property is unsuitable.
- After the current social distancing restrictions have been lifted we'll arrange for a physical valuation to be undertaken. This is for our information only and **will not change the amount** that your client has borrowed from us.
- Where a valuation is returned lower than the estimate, this will follow our usual down valuation process (either accept the valuation or consider a more suitable product). For pipeline cases, if you chose to consider a more suitable product, we will be honouring the rates applicable at the time of application. This will also be extended to cases where a customer requires the Violet product, even though the product has since been withdrawn from new business sale.

How does the desktop valuation work?

A desktop valuation is completed by an independent valuer using publicly available information to assess the value of a home. This includes getting details about your client's property from the Land Registry and using online information to review any previous sales history. The final valuation figure will also consider the actual sale prices of similar properties in their area.

Desktop valuations are completed by Registered Valuers that use a RICS risk managed, data enabled Digital Valuation tool. This process is also supported by enhanced centralised property risk checks.

Once the desktop valuation has taken place and the valuer has sent us their report, we will review this along with the lifetime mortgage application.

Important points to note

Because a desktop valuation is less accurate than a valuer visiting a property, we can only use **95% of the desktop valuation** when we calculate the amount we can lend to a customer. This is why we have asked you to temporarily change the way you estimate a client's property value, by **reducing their estimate by 5%** when you submit an application.

As well as our existing lending restrictions, not all properties are suitable for a desktop valuation; additional exclusions are set out below:

- Properties valued above £2m
- New build properties (up to 2 years old or being occupied for the first time)
- Flats
- No purchase applications as per Government guidelines

Please refer to our updated suitability criteria on the adviser centre for further information.

What about pipeline cases?

We have not been able to conduct a physical valuation since 24th March, meaning we have an increased demand for valuations right now. From Monday 6th April, we'll be working through all existing applications where a property valuation has not yet happened. We recognise it will take a while to get through all of our pipeline applications, but we will do this as quickly as we can.

How can advisers manage client expectations?

To support desktop valuations, as well as guiding your client through this change, we are asking that you temporarily change the way you estimate your client's property value. Please ensure you reduce your estimate by 5% when you submit an application to us. This will support us in managing your clients' expectations upfront and ensure better accuracy. This means that if a property is estimated at £200,000 that you should base your product selection and application on £190,000.

What if a desktop valuation is not returned?

We appreciate that there are going to be circumstances when a desktop valuation is not possible and understand the importance of ensuring that your clients in this situation have options in the future. If a desktop valuation is not available, we will be unable to proceed until the restrictions on social distancing are lifted. However, our dedicated Sales Support Team will stay in touch with you and once the restrictions are lifted, we will re-consider the application.

If a desktop valuation is not returned, will the case remain open?

If a desktop valuation is not returned, we will be required to close the case from the pipeline. However, we will stay in touch with all of our advisers and once the restrictions are lifted, we will re-consider the application.

What if a valuation is returned lower than the estimate?

If a valuation is returned lower than the estimate, this will follow our usual down valuation process. You will have the option to either:

- Accept the valuation and progress the application on that basis *OR*
- Consider a more suitable product in our product range to recommend

If you choose to consider a more suitable product, we will be honouring the rates applicable at the time of application. This will also be extended to cases where a client requires the Violet product, even though the product has since been withdrawn from new business sale.

If you select an alternative product, will you need to submit a new application?

As long as there is not a material change to the advice that was given at the outset, these cases will be managed through the re-offer process. This will enable us to honour the rates available at the time of application.

How will we know the state of the property from a desktop valuation?

We will not understand the state of the property until the restrictions are lifted and we are able to conduct a physical valuation. However, we will be asking your clients to sign a declaration at Offer stage to declare they are not aware of any issues that may affect the valuation and there are no essential repairs required to their property.