Mortgage Valuations: What you need to know

Video transcript

If you're applying for a mortgage, one of the first things you'll want to find out is how much you could borrow. This will depend on your personal circumstances and the value of the property you've got your eye on.

Estate agents will value properties to put on the market, but the amount a lender will be prepared to offer will be based on their own valuation that they obtain for mortgage purposes. You might hear this referred to as a 'standard' or 'mortgage valuation' and is for the lenders use.

The mortgage valuation is also used to work out your Loan to Value ratio, or LTV. This is the ratio between the amount of loan you've applied for and the value of the property shown as a percentage. The LTV will determine which interest rates are available to you.

At HSBC, we cover the cost of the mortgage or 'standard' valuation which will be carried out by one of our panel valuers when we process your application.

Our valuers can sometimes complete a valuation without needing to visit the property. The mortgage valuation is for our purposes only and helps us make our lending decision. Once we've made our decision, we'll let you know as soon as we can.

It's very important to remember that a mortgage valuation is not a survey. If the valuer inspects the property, the report may not mention things which would be significant to you including defects that may be very expensive for you to repair. For this reason, we'd always recommend you have your own survey done to give you a thorough assessment of the property itself.