

## **The complaint**

This complaint is about a second charge loan Mr and Mrs W have that is secured on their property. The loan was transferred to Target Servicing Limited, trading as Coast Finance Solutions, after the original lender stopped trading.

Mr and Mrs W are unhappy that Coast won't allow them to keep to the payment arrangement they had with the previous lender to pay £50 a month; instead, it's asked them to pay almost £400 a month.

## **What happened**

The details of this complaint are well known to both parties so I won't repeat them again here. Instead I'll give a brief summary of the investigator's findings and then focus on giving the reasons for my decision.

The investigator proposed that Coast should obtain an up to date valuation of the property to assess the likelihood that the loan could be repaid if Mr and Mrs W were to sell it. He also said Coast should allow Mr and Mrs W six weeks' grace to seek independent financial advice on the viability of refinancing. After both of the above had taken place, Coast should then make a fresh assessment of how the loan might be repaid.

Coast agreed to this but Mr and Mrs W asked for their complaint to be reviewed by an ombudsman.

## **What I've decided – and why**

I trust Mr and Mrs W won't take it as a discourtesy that I've condensed their complaint in the way that I have. Ours is an informal dispute resolution service, and I've concentrated on what I consider to be the crux of the complaint. Although I've read and considered the whole file I'll keep my comments to what I think is relevant. If I don't comment on any specific point it's not because I've not considered it but because I don't think I need to comment on it in order to reach the right outcome.

Most of the comments Mr and Mrs W have made in response to the investigator's view aren't relevant to this complaint but to another one that our investigator dealt with separately. To be clear, my findings here, and the decision that flows from them, deal solely with the fairness or otherwise of Coast asking Mr and Mrs W to agree to pay more each month towards the eventual repayment of their loan.

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Having done so, I've come to broadly the same conclusions as the investigator, and for much the same overall reasons. Coast was reasonably entitled to broach the topic and ask Mr and Mrs W for a new payment arrangement, but it did so without first doing enough research to establish the background and wider circumstances. The compromise

recommended by the investigator is fair, as it gives both parties the opportunity to better inform themselves before a fresh assessment is made.

If an agreement isn't reached after that fresh assessment, then that's a new complaint Mr and Mrs W can make at the time (subject to our usual rules, of course).

### **My final decision**

For the reasons set out, above, I uphold this complaint in part. In full and final settlement, I order Target Servicing Limited, trading as Coast Finance Solutions to:

- obtain, at its own expense, an up to date valuation of the security property;
- allow Mr and Mrs W a grace period of six weeks\* to obtain independent financial advice on the viability of re-financing the loan; and
- on completion of the above, conduct a fresh assessment of Mr and Mrs W's ability to repay the loan.

\*The grace period will begin on the date Coast receives confirmation of Mr and Mrs W's acceptance of my final decision, in the event that they do so.

My final decision concludes this service's consideration of this complaint, which means I'll not be engaging in any further discussion of the merits of it. Under the rules of the Financial Ombudsman Service, I'm required to ask Mr and Mrs W to accept or reject my decision before 19 January 2021.

Julia Meadows

**Ombudsman**