

The complaint

Mr S' complaint is about a secured loan he had with Lender C and which was administered by Target Servicing Limited. He was unhappy:

1. with the customer service he received on 30 June 2022;
2. Target didn't send him a Paythru link as he had requested;
3. Target didn't call him back as was promised;
4. he was informed Target was considering taking legal action to repossess the property;
5. because he doesn't think Target is reading what he is sending it and, as a consequence, is not doing what it should.

Mr S didn't think the compensation Target had offered was adequate given it had upheld three of the above complaint points.

What happened

Mr S took out a secured loan with Lender W in 2007 over a term of 15 years. When Lender W ceased trading, the loan was transferred to Lender C in 2018. As Lender C is not regulated to administer mortgages, it appointed Target to do so on its behalf. The loan was transferred to another lender in April 2023.

Soon after the loan was advanced, payments became erratic. Payments varied from being significantly less than the contractual monthly payment (CMP) to being slightly more. The payments were also seldom made on the agreed day of the month. No payments were made to the loan between August 2014 and May 2018. At the end of the term in July 2022, the arrears amounted to over £15,000. The loan was not repaid at the end of the term and remains outstanding.

In October 2021 Mr S sent Target some documentation, consisting of an assisted sale agreement, power of attorney and other information. It was explained to Target that Mr S was planning to hand the property over to the attorney to be refurbished and then either sold or rented out. Target was asked for its agreement.

Target acknowledged receipt of the information and documentation. It told Mr S that it would refer his proposals to its senior management team for consideration. Two days later Target called Mr S and told it that it would agree to the arrangement if an undertaking was entered into to pay it £10,000 when the property was sold. Target also wrote to Mr S' solicitors about the requirement it had for agreeing to the arrangement Mr S wanted. It chased a response several times, but none was received.

Mr S complained in the early summer of 2022. Target responded to the complaint in its letter of 12 August 2022. It upheld complaint points 1, 2 and 3 (as set out above) and apologised for the poor service Mr S had received. Target offered £30 compensation. However, the other two complaint points were not upheld. Target considered that as neither Mr S, nor his solicitors, had responded to its communications between 5 October 2021 and 24 February 2022, it was reasonable that it considered starting legal action. Again, Target rejected the last complaint point as it was satisfied that it had acted on the documentation it

was sent and had only taken the action it had, when Mr S and his solicitors had not responded.

When it was informed the complaint had been referred to this service, Target reviewed the compensation it had offered. It increased its offer to £75.

One of our investigators considered the complaint and upheld it in part. He recommended an increase in the amount of compensation to £150.

Target didn't agree with the investigator and considered that its revised offer of £75 was sufficient to compensate Mr S in the circumstances. Target asked that the complaint be referred to an ombudsman.

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 don't need to consider the merits of the first three complaint points as Target has already accepted that the service it provided Mr S was not what it should have been. As such, I will firstly focus on the merits of the fourth and fifth complaint points.

Mr S doesn't believe that Target has responded to his correspondence. I have reviewed Target's records and I am satisfied that it did consider what Mr S gave it and asked for, and it responded to the situation. While Target's most recent responses to Mr S' proposals for his property didn't result in a way forward being agreed, that would appear to be because he and his solicitors didn't move the matter forward, rather than because of a failing on Target's part to respond.

I now turn to the matter of whether it was reasonable, when Target didn't receive a response to its correspondence about Mr S' plans in 2022, to move to repossession action. Over the years the loan was in place Mr S has had significant difficulties in making payments. I have reviewed Target's actions during the time it has been administering the loan and I am satisfied that it did what I would expect – it tried to work with Mr S to resolve the arrears on the account. As detailed above, after the term ended and the loan should have been repaid in full, Target also agreed to the arrangement Mr S suggested, despite its meaning that repayment of the loan would be delayed further. Given that the term of the loan had ended, and Mr S and his representatives were not responding to correspondence, I don't consider that it was unreasonable for Target to start repossession proceedings.

In light of my above findings, the only remaining matter for me to consider is that of what Target should do to compensate Mr S for its service failings. When considering compensation, I must take into account not just what events occurred and the inconvenience they would have caused, but also the amount of upset that would have been caused. The individual aspects of the service failings that form complaint points 1 to 3 are relatively small and would have limited impact. However, when the same failing is repeated the cumulative impact will be greater. When there are then other failings happening around the same time, the upset caused will be greater than the sum of each individual issue. Taking that into account, I am in agreement with our investigator that the appropriate sum of compensation in this case is £150. For clarity, this is not on top of the offer Target made but includes that sum.

My final decision

My final decision is that I uphold this complaint. In full and final settlement, I require Target Servicing Limited to pay Mr S £150 compensation.

Under the rules of the Financial Ombudsman Service, I am required to ask Mr S to accept or reject my decision before 21 July 2023.

Derry Baxter
Ombudsman