

## **The complaint**

Mr W has complained about delays with Target Servicing Limited when he needed a Deed of Postponement for his Help to Buy (“HTB”) loan to allow him to remortgage.

## **The HTB scheme**

The HTB scheme was a government scheme in place to support home ownership. In addition to the usual mortgage from a regular lender, a borrower took a shared equity loan funded by the government to reduce the amount of cash deposit that would be otherwise required.

HTB shared equity loans are secured by way of a second charge over the property, ranking behind the main mortgage.

Mr W’s property was in England, and he took the shared equity loan out with Homes England, which was formally known as the Homes and Communities Agency.

Homes England isn’t regulated by the Financial Conduct Authority (FCA) but it appointed Target to administer the loan on its behalf. Target is regulated by the FCA.

The rules which set out the complaints our service can consider are found in the Dispute Resolution (DISP) section in the FCA’s handbook. DISP 2.3 says that our service can consider a complaint if it relates to an act or omission by a firm carrying on a regulated activity.

The Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 sets out the list of regulated activities referred to in DISP. Among the regulated activities listed is debt administration and debt collection.

Having considered the activities that Target was carrying out in relation to Mr W’s agreement, I’m satisfied that the event complained about is an activity that forms part of administering the loan or collecting payments, and therefore is a matter we can consider against Target.

## **What I’ve decided – and why**

I issued a provisional decision in October 2023, the findings of which said:

*“Target has accepted it made mistakes and delayed the process, so I don’t need to make any findings on what went wrong or why, I simply need to decide what needs to be done to put things right.*

*Target said, in its response letter to the complaint on 14 June 2023 that it should have completed its part of the deed of postponement and deed of release process by 8 August 2022. Instead that wasn’t completed until 18 October 2022. I agree with that. That’s a delay of 71 days.*

*To be clear, I can’t hold Target liable for the time taken either before it received all the*

*information it needed, or after it completed its part of the process on 18 October.*

*Mr W's new mortgage was for £127,000 over a 35-year term on a repayment basis. The rate of interest is fixed at 2.14% until a set date, irrespective of when the mortgage completed. If nothing had gone wrong I'm satisfied Mr W would have completed his remortgage onto that product on 22 August 2022 (that is 71 days sooner than the eventual completion date of 1 November 2022). Instead Mr W was on his previous lender's standard variable rate ("SVR") for that period. Mr W needs to be compensated for that financial loss he incurred.*

*Target offered £100 compensation in its response to the complaint, and our Investigator felt that should be increased by £50 to £150.*

*Having considered everything I feel a further £150 on that, taking it to a total of £300 is appropriate. I'll explain why.*

*Mr W was contacting Target regularly (with multiple emails not responded to) and, on one occasion, was on hold on the phone for around five hours.*

*The matter was only concluded after he contacted a Non-Executive Director of Target, which led to the issue being highlighted with the Chief Executive Officer, Chief Operating Officer and Operations Director. The following day Target completed its part of the process. I'm satisfied that had Mr W not taken that action then matters wouldn't have been resolved when they were. In addition, due to the delays Mr W had the worry that his mortgage offer extension would expire.*

*Whilst we can't consider complaint handling in isolation, we can consider it if it is ancillary to the issue being complained about. Here the complaint is about customer service failings and delays, so I consider the ongoing service failings and delays can be considered ancillary to that. The complaint was raised in November 2022 yet it took until June 2023 for a response to be issued by Target. And despite our Investigator issuing his assessment upholding the complaint on 28 June 2023 no detailed response has been received from Target."*

Both parties confirmed they had no further submissions to make.

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, and in the absence of any further submissions, I see no reason to depart from my provisional findings.

### **My final decision**

I uphold this complaint in part, and order Target Servicing Limited to pay Mr W:

- £300 compensation for the distress and inconvenience caused (less any amounts already paid).
- The difference between the interest Mr W paid during the 71 days delay, and the interest he would have paid had things completed 71 days earlier. If Mr W had completed 71 days earlier, then he would have had a lower interest rate for that time as his new rate was fixed at 2.14% whereas instead he remained on his previous lender's SVR.

Target should compare the interest Mr W paid for his existing mortgage (that is owing £127,000 on that lender's SVR) to the interest he would have paid to the new lender based on the May 2022 mortgage offer (that is, borrowing £127,000 at the new interest rate). The calculation should be just the interest (not any capital repayment amount) for the 71-day period from 22 August 2022 until 1 November 2022.

Mr W's previous lender has confirmed its SVR was 4.74% until 31 August and then it increased to 4.99% from 1 September until the loan was redeemed.

Target should add simple annual interest of 8%\* running from the date Mr W made each interest payment to the date of settlement.

If payment is not made within 28 days of the date Mr W accepts my final decision, simple annual interest of 8%\* running from the date of acceptance to the date of payment should be added.

\* Target may deduct tax on the 8% interest element as required by HMRC. But it should tell Mr W how much it has deducted so that he can reclaim the tax from HMRC if he is entitled to do so.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 12 December 2023.

Julia Meadows  
**Ombudsman**