

The complaint

Mr F and Mrs F complain that Equiniti Gateway Limited trading as Lenvi, gave them inaccurate information about the amount they would need to pay to redeem their Help to Buy: Equity Loan.

To put matters right they would like Lenvi to honour the redemption quote it provided in September 2023. This quote was £7,000 lower than the amount they subsequently paid to redeem their Help to Buy: Equity Loan.

What happened

Mr F and Mrs F took out a Help to Buy: Equity Loan ('the loan') in early 2021. In mid-August 2023, Mrs F phoned Lenvi and asked it to provide a redemption statement. The representative Mrs F spoke to explained that a survey would need to be carried out by a RICS surveyor before a redemption quote could be provided. He also explained that the redemption amount would be calculated using the higher of either the valuation provided by the surveyor, or the sale price of the property.

Mrs F told the representative that a sale price of £515,000 had been agreed and asked whether it would be possible for a quote to be provided, based on the agreed sale price. The representative again explained that the amount required to redeem the loan would be 20% of either the sale price, or the valuation – whichever was higher.

A valuation was subsequently carried out and the property was valued at £480,000. Lenvi then issued an indicative redemption quote on 14 September 2023, for £96,000.

Mrs F phoned Lenvi again on 14 September 2023, to chase up the redemption quote. During the call Mrs F asked the representative to confirm if the amount required to redeem the loan was £103,000. The representative checked the redemption quote and then told Mrs F that the redemption quote was £96,000, based on a valuation of £480,000.

In late October 2023, in the Authority to Complete provided to Mr F and Mrs F's solicitor, Lenvi then confirmed that £103,000 was required to redeem the loan, based on the agreed sale price of £515,000 and a valuation of £480,000.

Mr F and Mrs F complained to Lenvi. Mrs F said she had told Lenvi that a sale price of £515,000 had been agreed. She said, based on the agreed sale price, she thought that they would need to pay £103,000 to redeem the loan but had been told by Lenvi that the redemption quote was for £96,000, not £103,000, when she called it in September 2023. She said she didn't understand how the redemption amount could have increased by £7,000.

Lenvi did not uphold the complaint. It said the redemption quote it had issued on 14 September 2023, had made clear that the £96,000 quoted was indicative and was not binding.

Mrs F was not satisfied with Lenvi's response and referred the matter to this service.

Our investigator said he thought Lenvi should have taken into account that Mrs F had told it that a sale price of £515,000 had been agreed, when it prepared the redemption quote in September 2023. Had it done so, he said Mr F and Mrs F would not have made plans based on the lower redemption figure provided in the quote. But he said he was of the view that the £103,000 Mr F and Mrs F paid to redeem their Help to Buy: Equity Loan was correct and he could not reasonably require Lenvi to refund £7,000 of the amount they had paid.

He said he thought Lenvi should pay Mr F and Mrs F £100 for the trouble and upset its failure to take information Mrs F gave it, about the sale price that had been agreed, into account when it produced the redemption quote.

Mr F and Mrs F did not accept the investigator's view. In summary, Mrs F said;

I completely understand that the redemption is normally based on the higher of either the purchase or sale price but when [Lenvi] had both of these figures to hand and still gave me the redemption figure of £96,000 which I then went on to question as I thought it would have been £103,000 but again was told categorically it was £96,000 I think this is their fault.

Mrs F also reiterated that she and Mr F had made financial decisions based on the £96,000 redemption quote and had been left out of pocket as a result of Lenvi's failure to take into account the information Mrs F had provided about the agreed sale price.

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.

Having done so, I have reached the same view as our investigator and for much the same reasons. I'll explain why.

I am sympathetic to Mr F and Mrs F's position, but in determining this complaint I must take into account the information that was provided to them about how the redemption quote was calculated.

In the telephone conversation Mrs F had with Lenvi in August 2023, when she requested a redemption statement, the representative clearly explained that the amount required to redeem the loan would be 20% of either the sale price, or the valuation – whichever was higher.

The redemption quote provided on 14 September 2023 also clearly set out:

Please note this is an indicative quote and may change

It also set out, under the heading 'What do you need to do next?':

If repayment involves a property sale, the equity loan amount payable (line 6) is only provisional as this will be based on the RICS valuation or the Property Sale Price, whichever is higher.

I am also mindful that when Mrs F spoke to Lenvi on 14 September 2023, it noted that the redemption quote of £96,000 was based on the valuation of £480,000.

It is very unfortunate that the representative did not query why Mrs F said she thought the redemption quote would have been £103,000 (20% of the £515,000 sale price) during this call, as I think any confusion about the amount that would be required to redeem the loan

could then have been resolved.

But I am mindful that in the previous call, in mid-August 2023, Lenvi had clearly explained to Mrs F how the redemption amount would be calculated and I am satisfied that this was also clearly set out in the redemption quote.

Taking this into account, I cannot reasonably require Lenvi to refund £7,000 of the redemption charge Mr F and Mrs F paid, as I am satisfied that it was correctly calculated. I do however think Lenvi should pay Mr F and Mrs F some compensation for its failure to take the information Mrs F had provided about the agreed sale price into account when preparing the redemption quote. I think the £100 recommended by our investigator is fair in the circumstances of this complaint.

My final decision

My decision is that, for the reasons I have set out above, I uphold this complaint. To put matters right Equiniti Gateway Limited trading as Lenvi, should pay Mr F and Mrs F £100 for the poor service it provided.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr F and Mrs F to accept or reject my decision before 26 June 2024.

Suzannah Stuart
Ombudsman