

The complaint

Mr S, Ms F and Ms N complain about the impact of delays by Target Servicing Limited in making changes to a help to buy shared equity loan.

What happened

In 2019 Mr S and Ms N purchased a property together. To support with the purchase, they took out a help to buy loan for 25% of the purchase price, secured by way of a second charge over the property. The lender appointed Target to administer the loan on its behalf.

The relationship between Mr S and Ms N later broke down and Ms N moved out of the property. In July 2021 Mr S applied to Target to remove Ms N from the loan agreement and replace her with his new partner Ms F. The application was approved in February 2022 and the change was implemented.

Mr S complained about the delay in processing the change of borrower application. Ms N and Ms F, as the borrowers being removed and added respectively, were also impacted and joined the complaint. But Mr S has taken the lead on it.

Mr S said that he'd initially applied for the transfer in July 2021. He and the other parties had completed all the relevant forms and provided all the information Target required. But it had caused substantial delay – giving incorrect information, asking for further documents and not responding to requests. Mr S said that this had nearly resulted in the property having to be sold, because he was unable to remove Ms N from the loan. And the new mortgage offer he and Ms F had obtained was about to expire and the lender had said a further extension wouldn't be possible. The application finally completed on the last possible day.

Separately, Ms N explained that the delay had also caused her considerable stress and difficulty, because it prevented her moving on with her life.

Target accepted that it had caused some delay, but also said that it was waiting for information to be provided. Once it had everything it needed it had worked with the lender to progress the application as quickly as possible and ensured it had completed by the deadline. It initially offered Mr S £60 compensation for its part in the delays, increasing that offer to £300 when the complaint was referred to us.

Our investigator thought Target had acted reasonably, so the complaint came to me for a final decision to be made. As I thought it should also offer compensation to Ms N, I issued a provisional decision to allow the parties a chance for further comment.

My provisional decision

I said:

“The application was first submitted in August 2021. There were in fact two applications – one to remove Ms N and replace her with Ms F, and one to agree a deed of postponement so that Mr S and Ms F could then take out a new first charge

mortgage. Target responded with a list of documents and information it would require, and there was some discussion about this between Target and the solicitors acting for Mr S and Ms N during September.

On 5 October, Mr S's solicitors emailed Target asking questions which had been raised by Ms N's solicitor. Target responded to the email but didn't answer the questions – the solicitors pointed this out in a further email, to which Target didn't reply.

As there was no response, Mr S chased Target during October. Ms N also contacted Target to try to find out what was happening.

In November, Ms N changed to a new solicitors' firm. The new solicitors notified Target that they had been instructed and Target sent this firm the list of requirements it had sent the old solicitors in early December.

During January there was further discussion, including about the requirements, including a request for an updated first charge mortgage offer with a new expiry date.

The application was completed and all information received at the beginning of February. From this point, Target generally aims to complete the process within four to six weeks. But in recognition of the time that had passed, it ensured that the changes were processed urgently, and the application completed on 21 February, just in time before Mr S and Ms F's mortgage offer expired.

I've only summarised events above – but I have reviewed the full history of contacts between the parties. Having done so, I don't think it would be fair to hold Target entirely responsible for the length of time the process took. It was a relatively complex application, involving parties only communicating through solicitors and two changes to the loan. Ms N's first solicitor was unfortunately unable to continue and Ms N had to find a replacement too. And it's fair to say that once everything was in place Target made sure it was processed more quickly than would usually be the case, and the re-mortgage deadline was met.

However, it's also fair to say that Target did cause some delays – in particular in not responding to the 5 October questions or the attempts by Mr S and his solicitors to follow it up. I think that if it had done so, the whole process would have completed some weeks sooner than it did.

I've thought carefully about the impact of that delay on Mr S and Ms F, and on Ms N. I'm not going to go into any details about that impact here, since the relationship between Mr S and Ms N has broken down and they are not in direct contact with each other, and have requested that their personal information not be shared. But I've taken into account everything that both have said.

Having done so, I think Target's offer of £300 compensation to Mr S is fair and reasonable in recognising the impact on him and Ms F of the specific delay it caused – taking into account its later efforts to put things right by speeding up the processing of the application once everything was in place. However, I think that Target should also compensate Ms N for the impact on her, and I think £300 would be fair and reasonable here too.”

No party made any further substantive comments by the deadline for responses.

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've reviewed what I said in my provisional decision, and see no reason to change my mind.

Putting things right

For the reasons I gave in my provisional decision, reproduced above, to put things right Target should pay £300 compensation to Mr S and Ms F, and should separately pay £300 compensation to Ms N.

My final decision

My final decision is that I uphold this complaint and direct Target Servicing Limited to pay compensation as set out above.

Compensation should be paid within 28 days of the date that Mr S, Ms F and Ms N all accept this decision, if they do. If compensation is not paid within 28 days, Target Servicing Limited should also add simple annual interest of 8% running from the date of acceptance to date of payment. If that becomes applicable, Target may deduct income tax from the 8% interest element of my award, as required by HMRC, but should tell Mr S, Ms F and Ms N what it has deducted so that they can reclaim the tax from HMRC if eligible to do so.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S, Ms F, and Ms N to accept or reject my decision before 14 October 2024.

Simon Pugh
Ombudsman