

The complaint

Miss G complains that Lenvi Servicing Limited trading as Lenvi has failed to manage her direct debt, which meant that her Help To Buy (“HTB”) loan account went into arrears. Miss G said she could lose her home.

What happened

Miss G said she’d bought her property in 2017 with an HTB loan. She said she got a letter in April 2021 saying that HTB hadn’t been able to collect a small monthly management fee, due to an error on its part. She needed to clear the modest arrears that had built up at the time, but a direct debit was then put in place to pay the loan.

Miss G said that in May 2023, she got another letter saying changes had to be made to her direct debit, but she didn’t need to do anything about this herself. Some information from this letter was then corrected in a further letter, sent in June 2023.

At around this time, the responsibility for administering Miss G’s HTB loan passed to Lenvi.

Miss G said Lenvi then wrote to her in February 2024, saying her direct debit hadn’t been paid and she was in arrears. Miss G said this letter clearly stated that her home could be repossessed if she failed to keep up with the repayments. She said she paid as soon as she received this.

Miss G said she’d spoken to Lenvi on 23 February. She said she made payment on this call, and Lenvi was supposed to reinstate her direct debit for April, but that wasn’t done. She told us she got another letter, again telling her she was in arrears and her home could be repossessed, in April 2024.

Miss G said this could have a serious impact on her. Even if Lenvi didn’t act to repossess her home, it could still damage her credit rating and stop her getting a mortgage in future. Miss G also said there was no other way to make the payments.

Miss G said she wanted Lenvi to apologise not just to her, but to all customers who had been affected. She wanted Lenvi to note her account to state the reason for arrears, and remove all incorrect information from her account.

Lenvi said Miss G’s direct debit was cancelled in late October 2023, and it had written to her about this in February 2024. It felt it should have been in touch sooner, and said it was sorry about this. But Lenvi said it hadn’t cancelled Miss G’s direct debit, and it showed us that it received information about the cancellation through an interbank system. It said the problem lay with another bank.

Lenvi showed us that Miss G got in touch in February 2024 to make payment. There was some confusion when her call was cut off, and although Miss G then called back, her direct debit wasn’t reinstated at the time. So Lenvi wrote to her again about arrears on her account in April. Miss G got in touch to make payment by credit card, but Lenvi told her it couldn’t accept this. Following this, Lenvi applied an incoming payment transferred by Miss G, to her

mortgage. And it also acted in May to reinstate her direct debit.

Lenvi accepted that it could have acted sooner to tell Miss G about the problem, and it had failed to respond to some emails she sent. So it said it wanted to pay Miss G £150 to make up for that. Lenvi has also confirmed that this account isn't being reported to credit reference agencies, so the arrears that built up won't affect Miss G's credit rating at all.

Our investigator thought Lenvi's offer provided a fair outcome to this complaint. She said that earlier problems with the direct debit had been resolved, and there were no further issues until October 2023, when Lenvi was notified that Miss G's direct debit had been cancelled. Our investigator said Lenvi accepted it should have told Miss G about this before February 2024.

Our investigator said although Miss G said she feared her house could be repossessed, there was nothing to indicate that in the letters our investigator had seen. And there was no evidence that this problem had affected her credit file. Our investigator understood Miss G would be frustrated that her direct debit wasn't reinstated in February 2024, she thought that Lenvi's offer took this into account. So she didn't think Lenvi had to do more than that.

Lenvi agreed, and it made the payment that our investigator suggested. Miss G didn't get in touch until this payment was received, and she said then that she wouldn't accept this as settlement of this complaint. She also said she hadn't received our investigator's view. She didn't think that had been sent to her, although our investigator said this showed as sent at our service.

Our investigator said she still thought £150 was fair compensation in this case. Lenvi had confirmed that there was no impact to Miss G's credit file or action to repossess her home, and that wasn't mentioned in the letters our service had seen.

Miss G wanted her complaint to be considered by an ombudsman, so it was passed to me for a final decision.

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 reached the same overall conclusion on this complaint as our investigator.

I have assessed this case against the background of Miss G's previous problems with direct debit payments to her HTB loan. It does look as if those were resolved in 2021, and Miss G had no further problems until 2023.

In late October 2023, Lenvi received notice through an interbank transfer system that Miss G's direct debit had been cancelled. I don't think it's likely that Lenvi cancelled this direct debit itself.

I do think that Lenvi should have told Miss G about this, at the time. And we know it didn't do that until February 2024. I appreciate it would be inconvenient for Miss G to have to make up a number of payments, at once. But Lenvi has confirmed there's no wider impact from these arrears, and in particular, they are not being reported to credit reference agencies. So this won't affect Miss G's ability to remortgage in future.

Miss G got in touch, and made payment. I think it's unfortunate that there was some confusion and Miss G's direct debit wasn't reinstated at the time. This seems to have

happened because the call to Lenvi was cut while Miss G was trying to make her payment, and the need to reinstate her direct debit wasn't picked up later. I have seen detailed notes from the first agent Miss G spoke to on that day, so I don't think that agent hung up on Miss G. And I do think that the direct debit issue should have been picked up later. But it wasn't.

Miss G then had to make a further manual payment, before her direct debit was finally reinstated in May.

Miss G says she had no other way to make her payments, but Miss G has paid over the phone, and by what appears to be bank transfer, during the time her direct debit had lapsed.

Miss G also said she feared her house could be repossessed, but the letters she sent our service don't appear to me to threaten this. And I would not expect Lenvi to take steps towards legal action over these arrears without giving Miss G a clear warning of that, and an opportunity to pay any arrears. We know Miss G was taking steps to keep her payments up to date once she realised there was a problem. And there's been no suggestion that Miss G was in any financial difficulty or was unable to make her payments. I appreciate that any missed payments would be worrying, but I don't think Lenvi had given Miss G cause to fear repossession action.

I do appreciate there was inconvenience to Miss G, and also a concern about her credit file. I think it's unfortunate that Lenvi didn't take action sooner to tell Miss G about the arrears, that it didn't then reinstate her direct debit when it was first asked to do so, and that it also didn't respond promptly to her emails to reassure her about her credit file. So I also think that Lenvi should pay some compensation in this case. But I do think that the payment of £150 which Lenvi has made here, provides a fair and reasonable outcome to this complaint.

Because Lenvi has already paid an amount which I think provides a fair and reasonable outcome to this complaint, I don't think it has to do any more now. I know Miss G will be disappointed, but I don't think this complaint should be upheld.

My final decision

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss G to accept or reject my decision before 28 October 2024.

Esther Absalom-Gough

Ombudsman