

The complaint

Mr L and Mr M complain that Lenvi Servicing Limited (Lenvi) has asked them to pay back 40% of the full sale price of their property to redeem their Help to Buy: Equity Loan (the loan), instead of the valuation figure which was lower. They say that they agreed to include personal items in the sale, so it was unfair of Lenvi to ask them to pay 40% on this part of the sale price.

What happened

Mr L and Mr M Took out a Help to Buy: Equity Loan for 40% of their property in July 2019. Lenvi is the administrator for the loan. They sold the property in July 2024 for £560,000, therefore Lenvi asked them for 40% of this figure to redeem the loan.

Mr L and Mr M made a redemption application to Lenvi on 22 April 2024, in which they provided a Memorandum of Sale (showing the agreed sale price of £560,000) and the Valuation Report showing the valuation of £540,000. Following this, on the same date, Lenvi issued a redemption pack based on the redemption figure of £216,000 (40% of £540,000). Mr L and Mr M say that this figure was correct.

When Lenvi sent the Authority to Complete on 28 June 2024, Mr L and Mr M say that it changed the repayment amount and based this on them paying 40% of the sale price of £560,000. They say that the sale price included personal items and that it is unfair for Lenvi to claim 40% of the value of their personal items in its calculation.

Mr L and Mr M say that Lenvi misled them. They say that – had Lenvi provided them with the higher figure earlier – they could have renegotiated with the buyers to remove their personal items from the sale price. However, as the redemption figure was only increased around a week before completion, they could not risk losing the sale so accepted this figure.

Mr L and Mr M say that they have paid an additional £8,000 due to having to pay Lenvi 40% of the value of their personal items, which they would like refunded. They also say that they had to withdraw money from their high-interest savings account in order to provide the additional £8,000, which means that they have also lost the interest on this. Mr L and Mr M also say that they have suffered emotional trauma due to what happened at the already stressful time of them moving house.

Lenvi says that it was correct to use the higher figure of the valuation and the sale price to calculate the amount to be paid to redeem the loan, based on the terms and conditions.

Our Investigator looked into Mr L and Mr M's complaint and didn't think that Lenvi had acted unfairly or that it needed to take any action. He found that Lenvi had acted in accordance with the terms and conditions in basing the repayment figure on the sale price. The Investigator concluded that there was nothing to evidence that the sale of the personal items for £20,000 was a separate matter to the sale price of the house.

Mr L and Mr M disagree with this, so the case has come to me to make a decision. They say that they submitted the correct information in the redemption application and that Lenvi had both the sales price and the valuation figure when it based the redemption figure on the valuation report. Mr L and Mr M say that that this was misleading, and that Lenvi only changed its calculation a week before they were due to complete the sale, when everything

had already been agreed with the buyer. They therefore say that Lenvi's behaviour is unfair and not in line with the Consumer Duty.

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 looked at the evidence, I agree with the Investigator's view for broadly the same reasons and I've explained my reasons further below.

I've looked at the Form of Authority to Proceed dated 28 June 2019, which was provided to Mr L and Mr M when they took out the loan. This showed that the contribution percentage would be 40%, and that this was the *"percentage of the total sale proceeds to be repaid... when the property was sold, calculated as the Contribution as a percentage of the Full Purchase Price"*.

I have also considered the Loan Agreement. This sets out that the repayment value will be the remaining proportion of the market value. Market value is defined as being *"the price which the Property would fetch on the open market on a sale by a willing vendor to a willing purchaser on the assumption if not a fact that all the covenants on the part of the Borrower in this mortgage have been fully complied with and in the event of damage to the property that it has been fully reinstated and disregarding any additions or improvements made by the Borrower with the written consent of the Lender provided that in the case of a Disposal where the Disposal price (disregarding any part of that price attributable to any additions or improvements made by the Borrower with the written consent of the Lender) is greater than the Market Value then the Market Value shall be substituted with such Disposal price when calculating the Repayment Sum."*

In light of the above, I am satisfied that the documents provided to Mr L and Mr M at the time they took out the loan made it clear that they would have to pay 40% of the price they sold the property for when they wanted to redeem the loan.

When Mr L and Mr M wanted to sell the property and redeem the loan, they provided Lenvi with a copy of a Valuation Report and Memorandum of Sale on 22 April 2024. The Valuation Report (dated 18 April 2024) says that the market value of the property was £540,000. It states that the property was being marketed at £550,000, was sold subject to contract and valued for a mortgage by the buyer's lender at £560,000 on 18 April 2024. The report states *"It is understood that the current sale price includes all furniture including two large, high value televisions and does not reflect what the property is currently worth"*. I have also seen the Memorandum of Sale dated 8 March 2024, which shows that a price of £560,000 was agreed subject to contract.

I've looked at the letter sent by Lenvi to Mr L and Mr M on 22 April 2024, following receipt of their redemption application. The letter shows a redemption figure of £216,000, based on the valuation of £540,000. However, I note that the letter sets out that this was an indicative quote and may change. Next to the figure of £216,000 (in line 6), it states that this is the amount owed based on the valuation of the property. Underneath this, it states *"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"*. It goes on to say, *"If repaying involves a property sale, your conveyancer must confirm the property sale price and the completion date on the standard letter of undertaking"*.

Mr L and Mr M have said that it was misleading for Lenvi to base the redemption figure on the valuation rather than the sale price when it was aware of both of these figures. They also say that Lenvi only changed its calculation around a week before the completion date.

I can see that Mr L and Mr M contacted Lenvi on 27 June 2024 chasing the Authority to Complete. Lenvi advised that it was waiting for Mr L and Mr M's solicitors to send it the

Letter of Undertaking. This was received and reviewed by Lenvi on 28 June 2024; it identified that the incorrect market value had been entered and told the solicitor that this needed to be the sale price of £560,000. Although Mr L and Mr M contacted Lenvi to say that the sale price included furniture which should not be taken into consideration, they also agreed to their solicitor amending the Letter of Undertaking to show the market value as £560,000. Once this was received, Lenvi issued the Authority to Complete.

The reason Lenvi could only issue the Authority to Complete (with the higher redemption figure) the week before was because this is when it received the Letter of Undertaking from Mr L and Mr M's solicitors showing the confirmed sale price. Whilst the Memorandum of Sale had the sale price of £560,000, this was subject to contract. So I don't think that Lenvi has acted unreasonably in using the valuation figure prior to this. I am also satisfied that the letter sent to Mr L and Mr M on 22 April 2024 made it clear that the redemption figure stated was provisional and that the final redemption figure would be 40% of whichever was the higher of either the valuation or the sale price. So, whilst I can understand that this was frustrating for Mr L and Mr M at this stage of the sale, I think the documentation provided beforehand made it clear that they would have to pay 40% of sale price in order to redeem the loan.

Mr L and Mr M say that Lenvi hasn't acted in line with the Consumer Duty. For the reasons set out above, I am satisfied that Lenvi gave Mr L and Mr M the information they needed regarding how the redemption figure would be calculated and that this was presented clearly in a way they could understand. Therefore, I am satisfied that Lenvi has complied with its obligations under the Consumer Duty.

I have considered what Mr L and Mr M have said in respect of the sale price including the value of some of their personal items. I have noted that the Valuation Report highlighted that the sale price included furniture and two televisions. I have also seen the fittings and contents form completed as part of the sale, which shows that two televisions and some furniture were agreed to be included in the sales price.

Whilst I accept that some personal items were included in the sale, there is nothing which sets out the value of these items and no evidence to show that the buyers had agreed to pay more than the valuation figure purely based on those items being included. I note that the buyer's valuation was for £560,000 and that this would have been based purely on the value of the property and not any contents included as part of sale. Whilst the sale price was £20,000 more than Mr L and Mr M's valuation, a property is only worth what someone is willing to pay for it and may be higher or lower than an initial valuation, and this could be for a number of reasons. So the fact that the property was sold for £20,000 more than the initial valuation figure does not mean that this £20,000 can be attributed to the sale of the personal items.

Overall, there is no separate contract identifying that the personal items were sold separately to the property, rather they were simply included in the sale price. And for the reasons set out above, I am satisfied that Lenvi was correct to use the sale price to calculate the redemption figure.

I know my decision will come as a disappointment to Mr L and Mr M, but I can't say that Lenvi has acted unfairly or unreasonably in the circumstances of this case, and I don't uphold this complaint.

My final decision

For the reasons I've explained above, I don't uphold this complaint and don't require Lenvi Servicing Limited to do anything further.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L and Mr M to accept or reject my decision before 7 May 2025.

Rachel Ellis
Ombudsman