

The complaint

Mr E's complaint relates to a Help-to-Buy loan that was administered on behalf of the lender by Lenvi Servicing Limited trading as Lenvi. He is unhappy with what has happened since he asked to be allowed to repay the loan in July 2021, when administration during this period was with another administrator – Target Servicing Limited.

Target was the loan administrator from its inception until July 2023, when it was transferred to Lenvi.

What happened

The Help-to-Buy (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 E's property was in England and so the HTB scheme he applied for was for a shared equity loan 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 Lenvi to administer the loan on its behalf. Lenvi is regulated by the FCA. If the loan is outstanding for more than five years, interest becomes payable after that point.

Mr E borrowed 40% of the value of his property under the HTB in 2016. The property was valued at £315,000 at that time.

On 9 July 2021 Mr E contacted Target. He said that he wanted to obtain a valuation of his property with a view to staircasing his loan. He gave details of the surveyor he had found, which he understood had experience of completing HTB valuations. Mr E confirmed that the surveyor had availability the following Friday and asked for agreement for him instructing the valuation.

On 14 July 2021 Target emailed Mr E acknowledged his recent enquiry and asked him to call its customer services team. It provided the telephone number he needed to use. Mr E didn't call Target as requested.

Mr E arranged for the valuation with the firm of surveyors he had detailed in his email of 9 July 2021. The valuation was completed on 16 July 2021. The property was valued at £190,000. The surveyors completed their report on 23 July 2021 and Mr E sent it to Target on 27 July 2021. He called Target the following day. He was told that he needed to provide a completed redemption form with details of his solicitors and pay the administration fee before a redemption quote could be completed.

On 12 August 2021 Mr E emailed Target with a completed redemption form, now asking to redeem the HTB in full. He said that he would telephone them that day to pay the administration fee, which he did.

Target tried calling Mr E that day, but received no answer, so it emailed him. It listed some further information it needed to be able to progress his request – a redemption statement from his mortgage lender and a EWS1 form due to his property being in a building with cladding. Mr E called Target the same day and confirmed that he could not get an EWS1 form but said he could provide a façade report. He was asked to provide confirmation from his freeholder or building management explaining why there was no EWS1. Target said that once this was provided, it would refer the matter to a specialist department to have an expert review the request.

Mr E provided the documents requested on 12 August 2021 and Target confirmed on 17 August 2021 his redemption enquiry had been passed to a specialist department for consideration. They confirmed the same thing again around six weeks later.

Mr E chased for a response to his redemption request periodically throughout the remainder of 2021 and 2022. On 2 May 2023 Mr E complained to Target about its administration of his request to repay his HTB loan.

The mortgage administrator changed from Target to Lenvi in July 2023 still without Mr E being able to redeem the loan.

On 22 January 2024 Homes England wrote to Mr E's solicitors explaining why they didn't think the previous valuation was valid because the surveyor hadn't been agreed in advance with them. They said the only way forward was for them to arrange a valuation to be carried out by one of their firms.

In May 2024, Mr E obtained a new valuation with the agreement of Homes England and the property was valued at £215,000.

Mr E has told us that on 22 May 2024 he emailed a copy of this valuation form to Lenvi and on 10 June 2024, he emailed them again with a copy of the surveyors declaration form and all other requested documentation.

On 14 June 2024, Mr E called Lenvi for an update and to let them know he wanted to pay off 30% of the value of the property instead of 40%. He sent an updated application on the same day.

He called again on 21 June 2024 for a further update and he was told that his request had been sent to a specialist department. He called again on 5 July 2024 for an update and he was told there wasn't one.

On 15 July 2024, our service contacted Lenvi about a complaint on Mr E's behalf. Lenvi confirmed receipt of the email sent on 16 August 2024 and they said they would respond to Mr E by 9 September 2024.

Mr E didn't get a response from Lenvi so our service carried on with its investigation of the matter.

The case was looked at by one of our investigators who considered the complaint. He said that Mr E's loss was crystalised when he again applied to partially redeem the HTB in April 2024 and a new and acceptable valuation was completed.

The Investigator concluded that Mr E had suffered a loss due to the delay, as in order to redeem the HTB, at that time he would have to pay £10,000 more than he would have had to in 2021. As there were two separate businesses administering the HTB on behalf of the lender at different times, the Investigator concluded that they should each pay a proportion

(based on the duration of their administration between July 2021 and May 2024) of the £10,000 loss. It was recommended that Lenvi should pay Mr E a sum of £4,500 which represents 45%. In addition, as reasonably the HTB could have been redeemed in September 2021, all interest charged on the mortgage from when Lenvi started to administer the account in July 2023 should be refunded with simple interest of 8% added from the date of each payment to the date of settlement.

Furthermore, the Investigator agreed that the service Mr E had received was poor as the redemption process started in July 2021 and Mr E had not received a response when the HTB was transferred to a new administrator two years later. In addition, it was concluded that although Mr E had not followed the correct process initially, Lenvi have still caused a significant delay in Mr E being able to redeem his loan. Mr E has explained how much this has affected his mental health and given how long this issue has been going on for, Lenvi should recognise this by compensating Mr E £500 for the distress and inconvenience he has been caused.

Lenvi didn't agree with the investigator. They made a number of comments as to why they disagreed. In summary they said:

- Mr E didn't comply with the redemption process and obtained a valuation in July 2021 without the previous administrator consent.
- They had concerns regarding the qualifications of the surveyor.
- An EWS1 form was required which was never submitted.
- Between 1 June 2022 and 1 May 2023 there are no records of any contact between Target and Mr E in relation to his 2021-2022 redemption request.
- On 11 September 2023, works to remediate Mr E's property commenced.
- On 20 November 2023, Mr E's solicitor issued a Letter Before Action to Homes England's legal team setting out a timeline provided by Mr E alleging he hadn't been offered any guidance by Target or Homes England.
- On 22 January 2024, Homes England's legal team responded to Mr E's solicitor setting out their legal position, listing the breaches of the redemption process and breaches of the clauses of the Equity Mortgage contract by Mr E.
- Homes England offered to instruct surveyors to carry out a valuation on an independent basis and Mr E's solicitor was informed that Mr E would need to agree no later than 9 February 2024. Having no response, the legal team closed their file.
- On 19 April 2024, Mr E telephoned Lenvi and said he had paid the redemption fee in 2021 and Lenvi provided Mr E with the redemption process requirements.
- On 30 May 2024 Mr E submitted a new application form for full redemption dated 22 May 2024.
- The delay from 9 July to 12 August 2021 resulted from the administrator waiting for a redemption application from Mr E.
- The delay between 12 August 2021 until 27 May 2022 resulted from Mr E not following the redemption process.
- It is the responsibility of the borrower and their solicitor to provide the mortgage administrator with all the relevant correctly completed documentation including requests for redemption.
- In relation to the redemption request of 2021 to 2022, at no time did Mr E provide Homes England or the mortgage administrator with the contractual requirements for redemption.
- Mr E didn't provide an EWS1 and had not provided a letter from the freeholder or building management company that explained why there wasn't one.

- Mr E's redemption request for 2021 – 2022 ended on 27 May 2022 when Homes England provided Target with their decision. So Target are responsible for the delay from 27 May 2022 until 20 November 2023 when Mr E's solicitor issued a Letter Before Action to Homes England's legal team.
- On 24 January 2024, Homes England's legal team offered to assist Mr E by instructing a surveyor to carry out a valuation on an independent basis. Mr E's solicitor was asked to confirm agreement by 9 February 2024 but they didn't hear anything so the file was closed.
- On 30 May 2024 Mr E submitted a new application for a full redemption dated 22 May 2024 which declares cladding issues but doesn't mention repairs to the building that commenced 11 September 2023.
- Lenvi and Homes England are not responsible for the delays from 22 May 2024 until 30 May 2024 which resulted in Mr E not accepting the offer to appoint a new surveyor.
- Mr E is responsible for the delay from 22 January 2024 to 30 May 2024.
- Lenvi said Mr E's redemption request is currently ongoing and may result in legal action by Homes England or Mr E.
- Lenvi said they commenced as the administrator for Homes England on 19 June 2023 so they do not have any liability for this matter.

Lenvi said the issues regarding the redemption had been dealt with directly between Homes England's legal team and Mr E's solicitors. Lenvi said that during these communications Mr E had been given the option to have a valid valuation completed, but he had not responded, and so Homes England had closed the redemption process in February 2024.

As Lenvi didn't agree with the investigator, the complaint has been passed to me to decide.

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 given careful consideration to all the submissions made by both parties, but I won't address each and every point that has been raised. I'll focus on the matters that I consider most relevant to how I've reached a fair outcome – in keeping with the informal nature of our service.

Although I've read and considered the whole file, I'll keep my comments to what I think is relevant. If I don't comment on any specific point, it's not because I've not considered it but because I don't think I need to comment on it in order to reach the right outcome.

Having considered everything provided by both parties, I agree with the outcome that has been reached by the investigator. I'll explain why.

Many of the arguments that have been made above relate to the issues that Mr E encountered prior to Lenvi taken over its administration in July 2023. I will only be considering what has happened since Lenvi took over and what needs to happen to put things right. But some of the information below has been explained to give some context to show what has happened.

Mr E contacted the previous administrator Target on 9 July 2021 and said he wanted to obtain a valuation of his property with a view to staircasing his loan. He knew which surveyor he wanted to use and he asked agreement from Target to continue.

Target said they emailed Mr E on 14 July 2021 asking him to contact them so they could answer his questions but Mr E said he didn't get this email or he would have contacted them. Not having heard anything, Mr E proceeded to obtain a valuation on his property without getting agreement from Target.

The terms and conditions of Mr E's HTB says:

7 Redemption before transfer

7.1 If the Borrower wishes to redeem this mortgage ... the following procedure shall apply:

7.1.1 The Borrower shall apply in writing to the Lender.

7.1.2 Within fourteen (14) days of service of the notice as specified in 7.1.1 the Borrower shall apply (at its own cost) to the Valuer (whose decision shall be final) to determine the Market Value as at the date of receipt of such application and within five working days of receipt of such determination by the Valuer the Borrower shall serve a Valuation Notice on the Lender.

7.1.3 At any time within three (3) months (or four (4) months if extended by the Valuer) of service of the Valuation Notice the Borrower may pay an amount equal to the Repayment Sum together with any reasonable costs and expenses incurred by the Lender pursuant to this Mortgage and together with any other sums payable and outstanding under this Mortgage.

Based on the terms and conditions above, it's evident that Mr E didn't satisfy these terms and conditions as he didn't get agreement from Target prior to arranging the valuation on the property.

Mr E arranged for a further valuation on the property in May 2024, by a valuer who Homes England has now approved, and I'm satisfied that this valuation complies with the terms and conditions of Mr E's HTB agreement.

The fact that Mr E has now obtained a new valid valuation, crystallises his losses for the purpose of this assessment so Lenvi will need to put this right. I acknowledge that Lenvi do not believe they are responsible for this but as they took over as the administrator in July 2023 – they are also responsible because delays have still continued since Lenvi took over.

The valuation that Mr E obtained in 2021 resulted in a valuation of £190,000. The one he obtained in 2024 had a valuation of £215,000.

I accept that Target were the previous administrator but I have already concluded that they were responsible for some of the delays caused to Mr E. But the same issues have carried on since Lenvi took over the administration of Mr E's help to buy loan.

Mr E submitted this valuation to Target on 27 July 2021 and started the redemption process, but Target never told him that they didn't approve the valuation that had been submitted. So I don't think it's fair that Lenvi focus on the fact that Mr E failed to comply with the terms and conditions of the redemption process when the previous administrator didn't make it clear sooner whether they approved the valuation or not.

Had they of done so, Mr E would have arranged a valuation with someone that Target accepted and it's highly likely that he would have redeemed the loan within a few months of his request. His loan still hasn't been redeemed and this can't be deemed as acceptable.

Target have said that they needed to submit everything to Homes England for consideration and that they had what they needed by 17 August 2021, even though they didn't tell Mr E that the valuation he had obtained wasn't acceptable. Mr E first made contact with Target on 9 July 2021 so as I said, had Target told Mr E that the valuation he obtained wasn't acceptable, I'm persuaded he could have arranged another one within at least one month and by 17 August 2021.

Mr E's redemption request was being reviewed by Homes England between July 2023 and January 2024 but Lenvi didn't provide Mr E with an update. Lenvi argue that they wrote to Mr E's solicitor on 22 January 2024 and say that Mr E didn't act quickly enough so he caused some of the delay. But he did progress his redemption request at the beginning on May 2024 which was only a few months later. When I consider that small delay in comparison to the delays overall caused by the previous administrator and Lenvi, I don't think it's fair to put the blame on Mr E. Lenvi continued to delay things between May 2024 and January 2025.

Mr E borrowed 40% of the value of his property under the HTB in 2016. Had he of been allowed to redeem the mortgage using the 2021 valuation, he would have had to pay £76,000 to redeem the loan. If we based this on the 2024 valuation, this equates to £86,000 – so a difference of £10,000.

As Target are no longer the administrator, that means that this complaint spans over a period where there are two administrators responsible – Target and Lenvi. So I think it's only reasonable that Lenvi are responsible from July 2023 which is when they took over administration until the present day. This means that Lenvi should be responsible for the other 45% of the £10,000.

Mr E also started to pay interest on his loan and this is something he wouldn't have done had the redemption gone through when it should have done, on this basis I think that Lenvi should also refund the interest that Mr E has paid on his loan from July 2023 until the date of settlement.

This has caused Mr E a great deal of frustration, distress and inconvenience. I have seen evidence that he had the funds available to repay the help to buy loan when he wanted to do it. And I acknowledge that his reasons for how he was going to do this have changed over the years. He initially said he wanted to staircase and then he said he wanted to redeem the loan in full. I also note that at one stage he said he had a cash buyer and he was exploring mortgage funding. I don't think it's surprising that his reasons for how he was going to redeem the loan have changed over the years so while I've thought about that, I don't think it changes anything for me. Like I have said, I have seen evidence that he had the funds to repay the loan and this process should not have taken this long to resolve – something that still hasn't been done to date. I therefore think that Lenvi should pay Mr E £500 in recognition of this.

My final decision

For the reasons given above, I uphold this complaint and direct Lenvi Servicing Limited trading as Lenvi to:

- Pay Mr E £4,500 for the difference in the two valuations which is 45% of what they are responsible for.

- Refund the interest that Mr E has paid on the loan from July 2023 along with 8%* simple interest on each payment from the date of payment until the date of settlement.
- Pay Mr E £500 for the distress and inconvenience he has been caused.

* If Lenvi Servicing Limited trading as Lenvi considers that it's required by HM Revenue & Customs (HMRC) to take off income tax from the interest, it should tell Mr E how much it's taken off. It should also give Mr E a certificate showing this if he asks for one, so he can reclaim the tax from HMRC, if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr E to accept or reject my decision before 25 April 2025.

Maria Drury
Ombudsman