

The complaint

Mr and Mrs M complain that Lenvi Servicing Limited (Lenvi) caused delays when they applied to remortgage their first charge mortgage. They said the delays have caused them a significant financial strain and they've been forced to make several mortgage payments at a higher interest rate because of it.

What happened

Mr and Mrs M purchased their property in September 2020 using the help to buy scheme. They borrowed £91,400 which represented 20% of the value of their property at the time of purchase. They had arranged their first charge mortgage with Precise Mortgages and took out a fixed rate of 3.89% which was fixed for two years. Once this fixed rate ended (in October 2022), Mr and Mrs M would revert to Precise Mortgages variable interest rate.

Mr and Mrs M approached a different lender in order to carry out a remortgage and they were given a mortgage offer dated 18 May 2023 for a two-year fixed rate at 4.69% until 30 September 2025.

Mr and Mrs M approached the previous administrator for the help to buy loan – which was Target at this time – in May 2023 to arrange a deed of postponement.

The administration of the help to buy loan changed from Target to Lenvi on 16 June 2023. Having not heard anything, Mr and Mrs M contacted Lenvi on 13 July to find out what was happening. After this, the process continued, and the deed of postponement was sent to Mr and Mrs M's solicitor on 5 September. Mr and Mrs M's new mortgage started with the new lender in October.

Mr and Mrs M complained to Lenvi about the delays they had encountered and Lenvi responded acknowledging some technical issues in attaching information that they had been given by Target previously that caused the delays. They apologised but didn't offer any compensation for what had happened.

As they were disappointed in this outcome, Mr and Mrs M brought their complaint to the Financial Ombudsman Service where it was looked at by one of our investigators. The investigator didn't think that Lenvi had acted fairly and caused some delays for Mr and Mrs M. He said it was likely that Mr and Mrs M would have been able to have finalised the process of obtaining a deed of postponement sooner than they did – and by September 2023. So he said that Lenvi should pay the difference between the variable interest rate and the new fixed rate for one month (September 2023). And that Lenvi should also pay Mr and Mrs M £200 in compensation to recognise the delays and inconvenience they caused.

The investigator also noted that there were some things Mr and Mrs M were unhappy about before Lenvi had taken over the administration of the help to buy loan. So he said if Mr and Mrs M were unhappy with anything that happened prior to that, they could arrange to set up a new complaint against Target.

Lenvi accepted the investigator's opinion but Mr and Mrs M didn't. In summary, they made the following comments:

- Lack of prompt action following their submission to Target. They said they submitted documentation to Target prior to migration but Lenvi didn't act immediately when they took over in June 2023. Lenvi said they contacted Mr and Mrs M in July 2023, but

they didn't contact them until August 2023. They were forced to pay higher interest rates on their mortgages for August and September 2023.

- Inaccurate records and communication. Lenvi requested documentation from Mr and Mrs M that had already been submitted to Target. Lenvi failed to tell them that there were outstanding £1 interest payments which held up their case.
- Lenvi caused financial loss beyond September 2023. Mr and Mrs M incurred higher mortgage payments for both August and September. The delays forced them to use their credit cards which has damaged their credit rating and resulted in long-term financial hardship.
- This has caused them emotional distress and hardship. They had no financial support from relatives and had no safety net to rely on.
- Lenvi and Target failed to properly follow complaints procedures by not addressing their concerns promptly or adequately. There has been a lack of communication and transparency throughout the process.
- Both Lenvi and Target had a duty of care to handle their case efficiently and they failed to do so. This is a breach of duty of care.
- Lenvi's discrepancies in dates and communication raise serious concerns about their record keeping practices.
- Mr and Mrs M understand that Target was responsible prior to June 2023 but delays by both Lenvi and Target have had a cumulative impact on their financial and emotional wellbeing.

As Mr and Mrs M disagreed with the investigator, they asked for the complaint to be reviewed by an Ombudsman, so it's 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.

Having done all that, I agree with the outcome reached by our investigator. I realise that this will be disappointing for Mr and Mrs M. But I hope the reasons I have set out below will help them to understand why I have come to this conclusion.

I don't think there is any doubt here that Lenvi have caused some delays and that things should have gone smoother than they did. I think the thing I need to consider, is to what extent do Lenvi need to put things right.

I note that there have been some arguments raised by Mr and Mrs M about Target. This complaint is about Lenvi and I am aware that they have now raised a new complaint about Target. This decision is purely focusing on the actions of Lenvi, and what has happened since they took over administration of the help to buy loan. Anything in relation to Target will be investigated separately so I won't be commenting on that any further.

Mr and Mrs M wanted to remortgage from Precise mortgages to a new lender. Their fixed rate with Precise mortgages ended in October 2022 and I can see from the bank statements that Mr and Mrs M have provided, that their mortgage payments increased after this date as they moved to the standard variable rate. Unless a new fixed rate had been secured for November 2022, this was always going to happen.

The mortgage offer from the new lender was dated 18 May 2023 which was valid until 18 November 2023. This offer was for a fixed rate of 4.69% for two years.

From the notes that I have been provided with, it looks like Mr and Mrs M contacted the previous administrator in May 2023. I have seen an email which was sent to Mrs M on 30 May 2023, outlining what Target required to start the deed of postponement process. The account was then migrated to Lenvi on 16 June 2023.

The bank statements provided show that the £115 administration fee for the deed of postponement was paid on 13 June 2023. It appears that by this point, everything had been submitted to Lenvi that they required. This process usually takes between six to eight weeks to finalise – which would take this to around 8 August.

Mr and Mrs M have said that Lenvi's records are inaccurate as they didn't make any contact with them in July 2023. But having looked at the contact notes I've been provided with, it shows that Lenvi were contacted on 13 and 28 July. Lenvi requested verification of Mr and Mrs M's identity on 13 July after they were sent the mortgage offer and the deed of postponement.

The 28 July notes shows that Mr and Mrs M confirmed that all documents had already been sent to Target and it's at this point that it appears that Lenvi obtained the identification they requested. But Lenvi advised them at this point to re-send all of the documents again.

I appreciate that Mr and Mrs M are disputing any contact made with Lenvi in July 2023 but based on what I have seen – it appears that there was.

There isn't any question here that Lenvi should not have asked for documentation again and this should not have happened. Lenvi had problems adding documents to the system after migration but this isn't anything to do with Mr and Mrs M so they shouldn't have been asked to send documents again. But as I've already said, it's clear that things didn't go as smoothly as they should have done. The deed of postponement was eventually sent to Mr and Mrs M's solicitors on 5 September.

Based on the timeline of events. It doesn't look likely that this process would have completed by the end of July for the new mortgage to start on 1st August. So any mortgage payments that Mr and Mrs M made on the higher variable rate, would have been made from the time their fixed rate ended up to August 2023. So I agree with the investigator that Lenvi should pay the difference in what Mr and Mrs M paid in September, against the new mortgage that was taken out. But I don't agree with Mr and Mrs M that they should be reimbursed for August's payment as well. The new mortgage then started on 1 October.

I'm sorry that Mr and Mrs M have found themselves in a difficult situation, but our service aims to put consumers back in the position they would have been in before, had any errors of not happened. By telling Lenvi to pay the difference in the payment they made in September against the fixed interest rate of the new mortgage at 4.69% is what this does.

I appreciate that Mr and Mrs M have said they were in financial hardship, and they used their credit cards, but their mortgage was on the variable interest rate from November 2022 until August 2023 – a period that I cannot hold Lenvi responsible for.

Mr and Mrs M have questioned Lenvi's record keeping practices. Our service doesn't regulate financial businesses, so it's not my role to tell Lenvi how to manage their records or set their policies and procedures. That's the job of the Financial Conduct Authority (FCA). My role is to decide if Lenvi applied their policies and procedures fairly in the circumstances of the case.

I do however think that Mr and Mrs M have been inconvenienced by the delay, and I know it's caused them some upset and stress. I do appreciate the impact this has had on them and the struggles they have said they faced. But the delays that I think were caused ultimately come down to one month's worth of mortgage payments. Therefore, I think the

amount that was recommended of £200 is fair and reasonable in the circumstances of this complaint.

My final decision

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

- Reimburse Mr and Mrs M the amount they paid on the variable interest rate for September 2023 against the new fixed rate of 4.69% adding 8%* simple interest from the date the September payment was made, to the date of settlement.
- Pay Mr and Mrs M £200 for the stress and inconvenience they have been caused.

*If Lenvi Servicing Limited considers that they are required by HM Revenue and Customs (HMRC) to take off income tax from the interest, they should tell Mr and Mrs M how much they've taken off. They should also give Mr and Mrs M a certificate showing this if they ask for one, so they can reclaim the tax from HMRC, if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms M to accept or reject my decision before 27 August 2025.

Maria Drury
Ombudsman