

## **The complaint**

This complaint is about a Help To Buy equity loan that Mr and Mrs A hold with Metropolitan Housing Trust Ltd trading as Metropolitan Thames Valley (MTV). The essence of the complaint is that Mr and Mrs A believe the loan was mis-sold when they took it out. They say it wasn't properly explained to them that the amount they'd need to pay back was dependent on the value of their home at the time of sale, and could be a lot more than they borrowed.

## **What happened**

The broad circumstances of this complaint are known to all parties. I'm also aware that the investigator issued a detailed response to the complaint, a copy of which has been sent to both parties, and so I don't need to repeat all the details here. Our decisions are published, and it's important that I don't include any information that might result in Mr and Mrs A being identified.

Instead I'll give a summary of the key issues (rounding the figures to avoid the risk of identification by including information that is overly specific) and then focus on giving the reasons for my decision. If I don't mention something, it won't be because I've ignored it. It'll be because I didn't think it was material to the outcome of the complaint.

Mr and Mrs A took the loan out in 2009 when they bought their first home. It was for a little over £51,000, and reflected an equity share in the property of just under 35%. They've paid all of the interest due in the time they've had the loan, and the current balance is broadly the same amount that they borrowed.

Recently, they asked about repaying the loan because they wish to sell the house and buy a larger one for their family. MTV explained that the amount they'd need to pay back would depend on the current value of their home and that they'd need to pay for the updated valuation. They will have to repay the same percentage – 35% – that they borrowed rather than repaying £51,000.

Having realised they will need to pay back a lot more than the amount they borrowed, Mr and Mrs complained that this had never been made clear to them when they took the mortgage out, meaning the mortgage had been mis-sold.

MTV rejected the complaint; Mr and Mrs A referred it to our service. Our investigator said that MTV hadn't acted unfairly towards Mr and Mrs A.

Mr and Mrs A asked for the complaint to be reviewed by an ombudsman.

## **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 done so, what follows are my conclusions and the reasons for them. Although the



sale of the loan was in 2009, I can consider whether the relationship between MTV and Mr and Mrs A is currently unfair, either as a result of the sale or anything that has happened since.

I'll start by addressing the question Mr and Mrs A have raised about the absence of the original contract. Neither MTV nor Mr and Mrs A have been able to locate their respective copies of the agreement Mr and Mrs A signed at the time – though MTV does have copies of the standard terms it used at the time. It has provided a specimen example of another agreement from 2009 (with the borrowers' names redacted) which it says would have been reflected in the agreement with Mr and Mrs A.

Strictly speaking, it's not part of the underlying complaint as it's something that has come to light as the investigation has progressed. But I will comment in general terms, by saying that there appears to be no dispute by Mr and Mrs A that they borrowed money from MTV and are due to pay it back. I'm satisfied that it's more likely than not that Mr and Mrs A's specific agreement reflected the standard terms and conditions MTV used at the relevant time. I say that not least because the methodology it is proposing is consistent with the narratives in the specimen example (and in annual statements) about how any final redemption figure would be calculated.

The exact amount to be repaid isn't known at this stage, but the methodology for how that will be calculated will have been set out in the equity loan contract and therefore agreed between the parties at the time the loan started. Whether the contract can be enforced in the absence of a copy of the contract isn't matter for me. It's a question of law, and would become relevant if MTV was trying to enforce the contract in court.

More generally, I don't think it unreasonable for MTV to refer to a specimen example of the contract from the relevant period in its discussions with Mr and Mrs A about how much the amount they will need to repay should be calculated.

I'm satisfied that MTV is correct that this is a shared equity loan – meaning that Mr and Mrs A have to pay back the same percentage share (rather than the amount) they borrowed. So I don't think MTV is acting outside the terms and conditions, or acting unfairly, in expecting the loan to be repaid in that way.

I've also thought about whether the mortgage was mis-sold leading to unfairness. There's no surviving evidence from the time of the sale, which isn't surprising given the passage of time. So I can't say for sure what Mr and Mrs A were told or whether MTV made them aware of how the loan operated. On balance, I think it's likely it did make them aware – because they would have to have agreed to the loan at the time, and the annual statements also make this clear. But even if it didn't, I don't think that means the relationship between Mr and Mrs A and MTV is unfair. Given they needed this loan to buy their home – and their current situation wouldn't have been known at the time – I think it's more likely than not that they would always have gone ahead with the loan.

I appreciate how strongly Mr and Mrs A feel; I'm not unsympathetic towards their current situation and the difficulty they'll face in affording a bigger home taking into account the full amount that will be due to MTV after their current home has been revalued. But after considering everything that both parties have said and provided, for the reasons set out above, I'm not persuaded there has been an unfair relationship between MTV and Mr and Mrs A, or that there was (or is) any unfairness that MTV is under an obligation to remedy.

MTV didn't respond to the complaint as quickly as it might have done. It has apologised and offered £75 compensation. In the circumstances, that seems reasonable to me.



**My final decision**

My final decision is that this complaint should fairly be resolved by Metropolitan Housing Trust Ltd trading as Metropolitan Thames Valley paying Mr and Mrs A £75.00.

My final decision concludes this service's consideration of this complaint, which means I'll not be engaging in any further discussion of the merits of it.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr and Mrs A to accept or reject my decision before 17 June 2025.

Jeff Parrington

**Ombudsman**