

The complaint

Mrs P complains that Lenvi Servicing Limited has prevented her from repaying the help to buy loan she holds jointly with her now ex-husband.

Mrs P's father brings this complaint on her behalf, but I'll refer only to Mrs P in my decision.

What happened

Mrs P and her now ex-husband bought a property in 2019 with the assistance of a help to buy loan of £57,400. Help to buy is a government scheme under which borrowers take out an equity loan to help them buy a property. The loan is a second charge secured against the property, ranking behind the borrower's main mortgage lender's first charge. No payments are required to begin with, and the borrower must start paying interest on the loan after the first five years.

The lender of help to buy loans is Homes England (HE), which is a trading name of the Homes and Communities Agency. This is a government body and is not regulated by the Financial Conduct Authority. HE has appointed Lenvi to administer these loans on its behalf. Lenvi is a regulated financial business and is carrying out the regulated activity of debt administration in respect of Mrs P's and her ex-husband's loan – so it is responsible for responding to this complaint.

Mrs P is a victim of domestic and financial abuse by her ex-husband. She says her ex-husband left the mortgaged property soon after they bought it, and they have been through a very difficult divorce. In 2022 the Family Court ordered her ex-husband to transfer his interest in the property to her.

In early 2024 Mrs P asked Lenvi how she could go about repaying the help to buy loan in full. Lenvi told her what was required and in August 2024 she arranged for a valuation report to be done on the property, paid Lenvi's administration fee, completed the relevant form, and sent it to Lenvi along with the necessary documents.

Lenvi said that in order for the loan to be redeemed it needed both Mrs P and her ex-husband, as joint borrowers, to sign the redemption application form. Mrs P said this wasn't possible and explained why. She sent Lenvi various documents about her divorce, including court orders, and explained the history of her ex-husband's abuse and his refusal to co-operate with her or her solicitors. Lenvi maintained its position and wouldn't allow Mrs P to go ahead with redeeming the loan.

In November 2024 Mrs P made a complaint. Lenvi said it had done nothing wrong and it didn't want to appear difficult. But it said if Mrs P couldn't get her ex-husband's signature on the form it could only progress her redemption application if she got a court order granting a solicitor the ability to sign on her ex-husband's behalf.

One of our Investigators looked into the complaint and recommended that it be upheld. She said that Lenvi should have allowed Mrs P to redeem the loan in August 2024 and that, once Mrs P pays the redemption amount (based on the August 2024 valuation), it should refund

any interest charged on the loan since 22 August 2024, amend Mrs P's credit file, refund her further costs, pay interest on the refunds, and pay Mrs P £600 compensation.

Mrs P accepted that conclusion, but Lenvi did not. It asked for an Ombudsman to make a decision and said its key points are:

- Solicitors need to act for Mrs P's ex-husband in the loan redemption, instructed by him.
- If solicitors acting for Mrs P's ex-husband could confirm their instructions this would solve the problem.
- It is sympathetic to Mrs P's situation but it can't breach the terms of the loan.
- Its suggestion that Mrs P sell the property wasn't a breach of the loan terms – it was trying to find a solution.

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 was very sorry to read about what Mrs P has been through and continues to go through. She has had to deal with a very difficult situation for many years. Redeeming the joint help to buy loan is a key step which will enable her to sever a financial tie to her ex-husband; it's clear from the submissions made on her behalf in this complaint how important this is to her.

The lender of the help to buy loan – HE – appointed Lenvi to administer Mrs P's and her ex-husband's loan on its behalf. In administering the loan Lenvi was carrying on a regulated activity. This means it had to have regard for the regulator's principles for businesses and act fairly and reasonably. I don't consider that it has acted fairly and reasonably here. I can see no legitimate reason why it wouldn't permit Mrs P to repay this loan.

Lenvi has said that the terms of the loan require all joint borrowers to apply in writing in order to instigate the loan redemption process, and that Mrs P is "contractually prohibited from redeeming the Equity Mortgage until Mr P[...] also signs Repay-Form-1 or a Court has ordered a third party to do this on their behalf".

Lenvi has also said that the Financial Ombudsman Service can't override contractual requirements, to do so would be asking HE to act illegally, and HE can't get involved in Mrs P's dispute with her ex-husband.

I don't agree that Mrs P is contractually prohibited from repaying the loan. There is no good reason for Lenvi not to accept repayment from her, as a borrower of the loan. She provided evidence of the existence and source of the money needed to redeem the loan in August 2024, and Lenvi hasn't taken issue with that.

In asking to redeem the loan, Mrs P hasn't asked Lenvi or HE to involve themselves in arrangements or proceedings with her ex-husband or to comply with court orders issued in divorce proceedings. In my view, those arrangements and proceedings aren't relevant to Lenvi. Once the loan is repaid all Lenvi needs to do is administer the repayment in order that HE can discharge its security. That has nothing to do with arrangements between Mrs P and her ex-husband.

In considering Mrs P's request to redeem the loan without her ex-husband's involvement, Lenvi should also have had in mind the context. It knew about that context, because Mrs P told it and sent it copies of court orders, including a non-molestation and occupation order. She also told it that her ex-husband had refused to sign any legal documents or to instruct solicitors. Her solicitors wrote to Lenvi to confirm that her ex-husband wouldn't sign anything.

It's unclear therefore why Lenvi wrote to Mrs P's solicitors asking them to confirm that they were also instructed by her ex-husband and that he had instructed them to redeem the loan. Mrs P had made it very clear that her ex-husband had not also instructed her solicitors – and it would be most unusual for two parties in a difficult divorce to have the same solicitors acting for both of them.

Lenvi knew Mrs P's circumstances and that her ex-husband wouldn't involve himself in the loan redemption process. It knew that her ex-husband didn't have legal representation. It knew some of what Mrs P had been through and her vulnerable circumstances. But instead of going ahead with the loan redemption process, I consider that it was obstructive and made unhelpful suggestions – including asking Mrs P to take costly legal proceedings to appoint a solicitor who could sign documents on her ex-husband's behalf.

The effect of Lenvi's decision not to accept Mrs P's loan redemption application is that Mrs P still hasn't been able to repay the loan. Given her ex-husband's behaviour, she may never be able to do so unless she takes further court action. That would, as I have said, be costly. I also think it's unnecessary. There would be no detriment to Mrs P's ex-husband if Mrs P repays this loan. It would simply mean that he is no longer liable for a debt which he can at present be asked to pay. It would not change ownership of the mortgaged property, for example, or otherwise prejudice his position. Mrs P is jointly and severally liable for the loan. In other words, this is her debt in its entirety. There is no good reason why she should not be allowed to pay off her debt. I've seen nothing in the terms and conditions that persuades me that the loan can only be redeemed by both borrowers.

Lenvi's decision has resulted in Mrs P having had to pay interest on the loan for longer than she should, to pay the cost of a second valuation to replace the first after the original report dated 15 August 2024 became invalid after three months, and to pay additional solicitors' costs in trying to get her ex-husband's signature on the redemption application and because of Lenvi's suggestions that legal action was the only solution. She has also spent a considerable amount of time on this matter and been caused significant stress and upset. Lenvi's treatment of her made an already stressful situation worse, allowing her ex-husband's hold over her to continue while the loan remains open.

In all the circumstances, for the reasons I've explained, I agree with the conclusions our Investigator reached about how this complaint should fairly and reasonably be resolved.

Putting things right

I require Lenvi Servicing Limited to:

- 1) Send Mrs P and her solicitors a redemption statement for the loan calculated on the basis of the property valuation dated 15 August 2024.
- 2) Refund the £90 fee Mrs P paid for a second valuation on 14 November 2024.
- 3) Refund the solicitors' fees Mrs P paid of £500 on 12 November 2024 and £342.70 on 3 February 2025.
- 4) Pay Mrs P £600 compensation.

Lenvi should do all of the above within 28 days of the date we tell it Mrs P has accepted this decision, if she does accept it.

If Mrs P then redeems the loan within 28 days of the date she receives the redemption figure, Lenvi must also:

- 5) Treat the loan as though it had been repaid in full on 22 August 2024 (five working days after it received Mrs P's redemption application). In doing so it should refund any interest applied to the loan since 22 August 2024, refund the interest payments Mrs P has made since 22 August 2024, and record the loan as having been repaid in full on 22 August 2024 with any credit reference agencies it reports to.
- 6) Pay interest on the refunds at 2), 3) and 5) above at an annual rate of 8% simple from the date Mrs P made each payment to the date of refund.

If Mrs P doesn't redeem the loan within 28 days of the date she receives the redemption figure, Lenvi may require an up to date valuation and calculate a new redemption figure for the loan on that basis.

Lenvi should make the payment at 5) above within 28 days of the loan being redeemed, if Mrs P redeems it in the timeframe set out above.

If payments aren't made within each 28-day period set out above, Lenvi should also add simple annual interest of 8% running from the date of acceptance to date of payment.

Lenvi may deduct income tax from the 8% interest element of my award, but it should tell Mrs P what it has deducted so she can reclaim the tax from HMRC if she is entitled to do so.

My final decision

My final decision is that I uphold this complaint. Lenvi Servicing Limited must put things right as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs P to accept or reject my decision before 12 June 2025.

Janet Millington
Ombudsman