

The complaint

Mrs S, the administrator of the estate of her late son Mr H, complains on behalf of the estate about how Lenvi Servicing Limited has handled her attempts to redeem Mr H's help to buy shared equity loan.

What happened

The late Mr H bought a property with the aid of a help to buy shared equity loan in 2018. Sadly, Mr H passed away in March 2024, and his mother Mrs S, the administrator of his estate, contacted Lenvi to notify it of his passing and to try to arrange repayment of the loan as part of the winding up of his estate.

Mrs S complains that Lenvi has not offered appropriate support. She says it doesn't appear to have a proper bereavement or probate process. It has failed to inform her of what steps she needs to take and failed to reply when contacted. It has insisted on the estate paying fees up front, in breach of the law. It has apologised and upheld complaints, but then continued with the same failings. Mrs S says that as a result, redemption of the help to buy loan has been delayed and the estate has been charged additional interest.

Lenvi accepted that there had been delays in responding to Mrs S and providing her with information. It offered £200 compensation. It said that the loan would need to be redeemed following the normal redemption process.

Our investigator said that he couldn't make an award for the upset caused to Mrs S and her family. He said that he didn't think it would be fair to require Lenvi to waive the loan or refund interest – it had explained what steps needed to be taken to redeem the loan but Mrs S had not accepted what it said.

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'm very sorry to hear of the passing of Mr H. I sincerely hope Mrs S and her family will accept my condolences on their loss.

It may help if I explain something of the background of what help to buy loans are and how they work. Help to buy was a government scheme to support home ownership, whereby home buyers could borrow a percentage of the purchase price, in addition to the main mortgage and any cash deposit. The help to buy loan is secured over the property by way of a second charge, ranking behind the main mortgage.

As a shared equity loan, the amount to be repaid is the same percentage of the property's value at redemption as was borrowed at the start. The loan is interest free for the first five years, with monthly interest (based on the sum borrowed) charged from year six onwards.

In this case, Mr H borrowed around £40,000, which was 20% of the purchase price of the

property. Therefore the amount to be repaid on redemption would be 20% of the value at that time.

The terms and conditions of the loan say that the loan can be repaid at any time, and must be repaid when the property is sold or transferred. Where the loan is redeemed without a sale of the property, there needs to be a valuation carried out by an independent surveyor who will decide the value of the property – 20% of which is the redemption sum. Where the loan is redeemed on sale of the property, there still needs to be a valuation – the redemption sum is then the higher of 20% of the sale price or 20% of the valuation.

It follows from that that there always has to be a valuation on a redemption – whether by sale of the property or otherwise.

Clauses 6 and 7 of the terms and conditions deal with redemption (clause 6 with redemption on sale – “disposal” – and clause 7 with redemption without sale). Both clauses contain similar provisions. They say that the redemption process is:

- The borrower shall apply in writing to the lender.
- Within 14 days of notice to the lender, the borrower shall apply (at the borrower’s own cost) to a valuer to value the property and decide the market value.
- The valuation is then valid for three months (extendable to four), and redemption should take place within that time.

Mrs S says that by requiring a valuation fee Lenvi is acting unlawfully, in that it has said that she as administrator is personally liable for paying for a valuation and also for the administration fee payable to Lenvi on a redemption request.

I’m afraid I don’t agree about that. Mrs S herself is not liable for paying any amount to Lenvi. This is not her loan. Although she is administrator of her son’s estate, there is no liability attached to her personally and – although its emails were clumsily worded – I don’t think Lenvi has suggested otherwise.

After he passed away, the loan remained a debt for which Mr H – and now his estate – is liable. His estate is the borrower described in the terms and conditions. The loan will need to be repaid, either by sale of the property or out of the estate’s other assets if any, before his estate can be concluded.

As the terms and conditions say, it is for the borrower to instruct – and pay for – a valuer as part of the redemption process. That means that Mrs S, not in her own right but in her capacity as administrator of Mr H’s estate, will need to instruct a valuer to value the property. And the estate will need to pay for the valuation. Again, it is not the case that Mrs S should personally pay the valuer. No doubt as administrator she has set up an executor’s / administrator’s bank account, using funds in the estate, to pay expenses incurred during the probate process. This is one such expense, and no different to paying off Mr H’s other contractual and other obligations (such as utilities and council tax on his property).

This isn’t a cost Lenvi can waive or defer until the loan is repaid. The loan can’t be repaid unless and until there is a valuation. But the valuation fee isn’t paid to Lenvi, it’s paid to the valuer. This is a cost that needs to be paid to enable the estate to repay Mr H’s help to buy loan – as such, it’s a necessary expense of the probate process.

It’s not for me to advise Mrs S on her responsibilities as administrator. If there is no cash in the estate to cover the cost of a valuation, then it may be possible for the funds to be lent to

the estate, to be repaid on realising the equity in Mr H's property on sale. If the estate is expected to be insolvent (which does not appear to be the case from the grant of letters of administration), then Mrs S might want to take advice about her next steps as administrator. But as things stand, I'm afraid Lenvi is correct that a valuation is required, that the estate will need to arrange and pay for a valuation, and that the redemption process – whether through sale of the property or otherwise – can't proceed without one. Though if the property will not be sold, but instead ownership transferred to the beneficiary or beneficiaries of Mr H's estate, it may be possible to transfer the loan to the new owner of the property at the same time rather than redeeming it – that's something Mrs S would need to discuss with Lenvi if that is the intention.

Lenvi also charges a £200 administration fee to cover its costs in dealing with a redemption request. This is not unreasonable. Again, this is not a charge made to Mrs S, it's one of the expenses the estate needs to incur as part of the process of concluding Mr H's affairs, and can be paid from an executor's / administrator's account. This fee allows Lenvi to recover its costs, and so isn't a necessary pre-condition of the redemption process starting. Lenvi has therefore said that if paying the fee out of the estate's funds prior to redemption causes difficulty, it will consider deferring the administration fee and adding it to the redemption balance rather than insisting on it up front. I think that's fair. If Mrs S wants to take this option up, she – or the solicitors acting on the property sale – will need to contact Lenvi to request it.

Lenvi has set out the redemption process to Mrs S and Mr H's brother on several occasions – when first notified of Mr H's passing in March 2024, and at other times since. I agree that some of those communications were poorly or clumsily worded. For example, they appeared to be aimed at a borrower seeking to redeem themselves, rather than to the representatives of an estate. However, it did explain that the process for redemption is the same in both cases, and the process is as I've set out above.

The failure of Lenvi to explain what was required with specific reference to a redemption following bereavement did cause frustration for Mrs S. Lenvi also failed to respond to other emails. Its customer service has been poor. It was also upsetting for Mrs S that Lenvi sent correspondence addressed to Mr H. It accepted that when the complaint came to us, and it offered Mrs S £200 compensation.

I'm afraid I'm unable to say whether that represents fair compensation, or make a different award. Under our rules, the eligible complainant here is not Mrs S, it's the estate of Mr H as represented by Mrs S. I have no power to award compensation to a representative, only to a complainant. While I do recognise and sympathise with the upset Lenvi's poor customer service caused her, I therefore have no power to require it to compensate her for the distress and inconvenience that resulted. All I can do, as I have done, is note that Lenvi has made her an offer of compensation, and leave it for her to decide whether or not she accepts it. If she does, she can let our investigator know and he'll pass that on to Lenvi so it can arrange to make payment.

I can however consider whether Lenvi's failings have caused Mr H's estate any loss. I've thought about this very carefully. Having done so, I'm not persuaded that they have. Lenvi did cause some delay in not responding to all emails. But it also set out the redemption process right from the first contact in March 2024, and several times since. Mrs S has contested what it says, in particular insisting that it has no right to require an administration fee or payment to a valuer and should proceed straight to redeeming the loan. I've explained above why I don't agree about that. Ultimately, I think that the fact the redemption process hasn't yet completed is because Mrs S didn't accept what Lenvi said. If it had communicated the same information better, and responded to emails and calls more promptly, I don't think that would have changed. Therefore I'm not persuaded that those failings are the reason the

loan has not yet been redeemed.

My final decision

My final decision is that I don't uphold the complaint that Lenvi Servicing Limited has caused financial loss to the estate of the late Mr H.

I have no power to make an award to Mrs S for her distress and inconvenience, and so my final decision is that I make no award to her. I simply leave it to her to decide whether to accept Lenvi's offer of £200 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask the estate of Mr H to accept or reject my decision before 20 October 2025.

Simon Pugh
Ombudsman