

The complaint

Miss D and Mr M complain that Lenvi Servicing Limited delayed the redemption of their help to buy shared equity loan.

What happened

Miss D and Mr M bought a property with the assistance of the help to buy scheme. Under this scheme, a borrower takes out a standard mortgage to fund the purchase of the property. And instead of paying a substantial cash deposit alongside a mortgage, the deposit is funded in part by the help to buy scheme. This acts as a shared equity loan – meaning that the borrower borrows a sum based on a proportion of the property's value and must repay the same share – secured over the property by way of a second charge.

The help to buy scheme is a government scheme, and the lender is a government agency called Homes England. Neither the loans or the lender are regulated. But the lender has appointed Lenvi to administer the loans and deal with borrowers. Borrowers deal with Lenvi and not the lender and Lenvi manages all aspects of the loan administration. Lenvi is a regulated firm which falls within the jurisdiction of the Financial Ombudsman Service and is the respondent to this complaint.

Miss D and Mr M borrowed 40% of the value of the property in November 2016 and the property was valued at £430,000 at the time. The loan was interest free for five years but would incur interest after that.

Miss D and Mr M wanted to redeem the loan but said they had difficulties in doing so. I have taken into account what Miss D and Mr M have said and given a timeline below.

On 9 May 2024 Mr M contacted Lenvi to ask for permission to appoint a surveyor to complete a valuation for redemption purposes. He provided a letter from the surveyor confirming his qualifications which was dated 3 May 2024.

On 16 May 2024, Lenvi confirmed that Miss D and Mr M could proceed with the valuation and said once the valuation had been completed, they should send this with a completed application form.

On 12 July 2024, Miss D and Mr M submitted a valuation dated 9 July 2024 to Lenvi which was valid for three months, a completed application form and supporting documents. The property was affected by cladding, so the property value had decreased to £275,000.

On 29 October 2024, Lenvi told Mr M the valuation report didn't investigate who was responsible for the cladding repairs and didn't include the status of any remediation works. They asked for an updated valuation to cover these points.

On 4 November 2024, Mr M provided Lenvi an update report from the surveyor. The surveyor said the report from 9 July had been amended to cover the points about remediation. He also confirmed that the valuation had been carried out in accordance with relevant guidance.

On 13 November 2024, Mr M provided Lenvi a tribunal decision which was dated 2 April 2024 as evidence of the claim being accepted for the remedial work.

On 16 November 2024, Lenvi set out several concerns regarding the valuation due to the value having dropped considerably, but didn't share these with Miss D and Mr M.

On 18 December 2024, Mr M was told that the estimated market value of the property at £275,000 didn't reflect the three comparable properties on the valuation dated July 2024 and highlighted that those comparable were in the range of £378,500 to £430,000. Lenvi rejected the valuation. Miss D and Mr M were given two options which were for another surveyor to provide a review and expert opinion on the valuation or for the surveyor to complete their own valuation which Lenvi said would be accepted.

On 23 December 2024, Mr M responded to Lenvi and said the comparable properties that were highlighted didn't have cladding issues which the surveyor had pointed out. He said the same properties in the block that had cladding issues were of a similar value to theirs. The options given by Lenvi were not accepted by Miss D and Mr M and they wanted a clear justification as to why the valuation had been rejected.

On 10 January 2025, Lenvi told Mr M of all the concerns raised on 16 December 2024.

On 15 January 2025, the surveyor responded to the concerns which were outlined.

On 23 April 2025, Lenvi sent Miss D and Mr M a response to their complaint and in summary said:

- Miss D and Mr M didn't apply to Lenvi before instructing their surveyor.
- The surveyor hadn't stated in the valuation the exact date they were instructed and the instruction needed to be within 14 days of the application.
- The valuation report wasn't provided within five working days– it was only provided with the application.
- The instruction of the surveyor wasn't agreed by Lenvi before the instruction.
- An independent expert opinion had been obtained, and they remained of the view that the valuation provided was too low compared to similar properties.
- The surveyor hadn't valued the property in line with the definition of 'market value' and didn't appear to have received the estimated costs for the remedial work and of the service charge sinking fund.

Lenvi gave Miss D and Mr M the two options again, but this wasn't accepted so they brought the complaint to the Financial Ombudsman Service where it was looked at by one of our investigators. The investigator upheld the complaint as she didn't believe that Lenvi had acted fairly. She told Lenvi to do the following:

- Allow Miss D and Mr M to redeem the HTB loan based on the July 2024 valuation.
- Refund all interest paid on the HTB loan from 12 October 2024 until the settlement date and pay 8% simple interest per year.
- Pay Miss D and Mr M £350 compensation.

Lenvi didn't agree and in summary they made the following comments:

- The valuer's declaration was signed on 3 May 2024 which was prior to obtaining Lenvi's approval which was sought on 9 May 2024.
- It appears Lenvi did conditionally accept the valuation appointment but on the condition that the property was valued in line with the terms and conditions of the valuer's declaration.
- The valuation didn't comply with Home's England's requirements which the valuer agreed to. This valuation will be disregarded for the purposes of Miss D and Mr M's redemption application.
- Once the appointment of the valuer had been granted, Miss D and Mr M were required to request a valuation within 14 days of their application to Homes England

which didn't happen.

- Miss D and Mr M's property is affected by cladding. The valuer was to conduct an investigation to ascertain whether the cladding remediation works was being dealt with by the original developer or the cladding remediation scheme. The Buildings Safety Act 2022 makes clear that leaseholders will not be accountable for these costs. Discounts should not be applied to property valuations by surveyors in line with this. The valuer also didn't obtain any estimates of the costs of remediation or consider any funds available in the service charge sinking fund.
- The estimated market value given by the surveyor of £275,000 did not reflect the three comparable properties included in the valuation report, which ranged from £378,500 to £430,000.
- The valuation report from July 2024 has been correctly rejected and Homes England are entitled to do this under the legally binding terms of the Equity Mortgage Contract.

As Lenvi disagreed with the decision, they asked for the complaint to be looked at by an Ombudsman, so it's been passed to me to decide.

I issued a provisional decision setting out that I thought Lenvi should have allowed Miss D and Mr M to redeem the HTB loan based on the July 2024 valuation and gave details as to how things should be put right. I said that the valuer explained in detail what he looked at and considered that it was fair.

Miss D and Mr M said they agreed with the provisional decision and were happy to accept it but just had some further comments. They said:

- They already have a decision in principle with their lender based on the July 2024 valuation and they are worried the lender may be reluctant if they now need to borrow more. They would like to be provided with evidence of any revised valuation to support their application if it's needed.
- They acknowledge that the decision has a deadline of 31 December 2025 for them to redeem the HTB loan and would like there to be a deadline with regard to any refunds which need to be processed.

Miss D and Mr M also wanted to point out some minor clarifications regarding the decision in case any adjustments needed to be made. They said:

- On page three it states, *"on 10 January 2025, Lenvi told Mr M of all the concerns raised on 16 December 2024"*. Miss D and Mr M believe this is referring to the concerns raised on 16 November 2024.
- On page four, the decision says *"They gave Miss D and Mr M two options. Option one was to have an independent valuer to provide a review and expert opinion of Miss D and Mr M's valuation or ask them to provide their own independent valuation so it could be accepted by Homes England"*. They said this is correct, however they are conscious this gives the impression that any independent valuer could have completed the review or additional valuation, whereas Miss D and Mr M were actually only provided with the option of a specific, Homes England appointed surveyor.
- On page five the decision says *"The properties listed on the valuation which are inline with Miss D and Mr M's property are all affected by cladding. The other two properties valued at £387,500 and £400,000 are not affected by cladding"*. Miss D and Mr M wanted to clarify that there were eight properties included in the valuation report, one of which was from their block and affected by the same issue. They said as far as they were aware, the others did not have cladding issues. Homes England singled out three of the eight properties with valuations between £387,500 and £430,000 which do not have cladding when they rejected the valuation.

Lenvi responded and didn't agree with the provisional decision. They provided a copy of the guidance notes given to valuers as well as some of the arguments they had previously raised. In summary they made the following comments:

- They reiterated the information they had previously given our service where they said the valuer was only conditionally accepted by them provided that the valuer complied with the lenders valuation requirements set out in the valuers declaration dated 3 May 2024. They said the valuer did not comply with these.
- They said the Financial Ombudsman Service does not have authority to rule on the technical aspects of a valuation which can only be given by an expert witness in this field. Homes England obtained their own expert witness which confirmed the valuer had not complied with the requirements set out.
- The Ombudsman has adjudicated outside of their expertise by disagreeing with a leading expert in their field regarding the lack of compliance with the valuation. Valuation reports and surveys are regulated by the Royal Institution of Chartered Surveyors and are not regulated by the Financial Conduct Authority so do not come under the Financial Ombudsman service's jurisdiction.
- Homes England and the terms and conditions of the HTB Equity Mortgage are regulated by the Parliamentary and Health Service Ombudsman are not regulated by the Financial Conduct Authority so do not come under the jurisdiction of the Financial Ombudsman Service.
- The Ombudsman said Lenvi rejected the valuation, but it was in fact Homes England that rejected it. Lenvi are not responsible for any lending decisions that Homes England make and are contractually obliged to follow their decisions.
- The lender (Homes England) has a separate complaints procedure for complaints made about them including two internal stages and a final review by the Parliamentary and Health Service Ombudsman. They believe this is an appropriate route as it's out of Lenvi's control. They request that the Financial Ombudsman Service refer the case to Homes England's correct regulator to deal with.

I then issued another provisional decision dated 6 November 2025. I said:

I've considered the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

I have given this some further thought, and I am issuing a further provisional decision to give both parties a chance to respond further before I issue my final decision as there is a change in how to put things right for Miss D and Mr M.

I've firstly considered the points that Miss D and Mr M have made and thank them for clarifying the minor points they mentioned. I have noted these but don't feel it's necessary to amend the decision based on these as they don't change my outcome.

I take on board the point they have made regarding their lender and the fact they have a decision in principle based on the amount they wanted to borrow from the July 2024 valuation. I appreciate they feel that their lender may question why they wish to borrow more and usually, if the amount they want to borrow is affordable and reasonable risk to the lender – it shouldn't be an issue. If they should encounter any problems, Miss D and Mr M can ask Lenvi for a copy of the valuation report but I do know that sometimes it may not be possible for them to provide a copy if it's just for their purposes. But they should be able to provide Miss D and Mr M a letter if needed to confirm how much the property is valued at if they feel their lender may need this. The main issue here is that Lenvi should have accepted the valuation report from July 2024 and this is only needed if Lenvi (or Homes England) are adamant that another valuation is required.

I have also thought about a deadline for any refunds, and I will address this below.

Now moving on to the arguments that Lenvi have made.

As a regulated entity in administering the loan on behalf of the lender, Lenvi Servicing Limited is carrying out the regulated activities of debt administration and debt collection.

Under the regulated activities, Lenvi is performing the lender's duties, and exercising the lender's rights, under the terms of the credit agreement, as well as collecting payments the lender is entitled to. In my view this means that Lenvi must do what the lender is required to do and only take steps the lender is entitled to take, while acting on the lender's behalf. And as a regulated firm, it has wider obligations to act fairly.

Although the lender is Homes England, they have appointed Lenvi to act on their behalf – as using the description in the loan agreement – its “nominated agent”. Miss D and Mr M were told to deal with Lenvi at all times and Lenvi were presented as being responsible for the management and administration of the loan agreement.

I'm satisfied that I can take these matters into account when deciding what is fair and reasonable in all the circumstances. In my view, as the appointed administrator and as a regulated entity carrying out regulated activities in their own right, Lenvi is the appropriate firm to respond and deal with this complaint. As a regulated entity carrying out a regulated activity, they have an obligation to act fairly and reasonably in performing the lender's duties. It follows that where Miss D and Mr M have a contractual right to repay their loan, the lender has a duty to allow them to do so – and, acting fairly and reasonably as a regulated debt administrator, Lenvi should have ensured that it acted in line with the lender's duties. Where that did not happen, it's fair and reasonable that Lenvi compensates Miss D and Mr M for any financial loss that flows from that.

For clarification and to answer Lenvi's points about my comments regarding the valuation, I am not making a finding on the appropriate value of the property. What I am considering is whether the valuation met the requirements of the loan agreement, and whether it should therefore have been treated as final and binding.

Lenvi argue that the surveyor didn't comply with the lender's terms and conditions therefore the valuation from July 2024 cannot be taken into consideration.

I have looked at the HTB contract and under section 7 it says:

7 Redemption before transfer

7.1 If the borrower wishes to redeem this mortgage before an event specified in clause 5 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 to 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.

7.1.4 As soon as reasonably possible after receipt of such payment the Lender will duly discharge this security and apply to the Land Registry to remove the restriction referred to in clause 11 from the Register.

Miss D and Mr M wrote to Lenvi to obtain approval to get the property valued on 9 May 2024, and this was approved on 16 May. Lenvi agreed to Miss D and Mr M's choice of valuer, and the valuer therefore became the agreed valuer. As the contract says, the valuer's "decision shall be final". The valuation took place in July 2024.

Looking at the lender's guidance notes for the valuer it says that the valuer must consider:

- the estimated costs of any remediation works;
- who is responsible for these;
- whether any claim for remediation works have been accepted;
- whether the required funds are readily available in the service charge sinking fund; and
- what a willing purchaser would be prepared to pay for the Property currently having regard to the existence of any external cladding and the stage of any remediation claim or works.

In the valuation report dated 4 July 2024, the valuer under section G market value, has given his opinion on Miss D and Mr M's property and in his professional opinion he said the market value was £275,000. He gave examples of comparable properties in the area and gave his expert opinion and rationale as to why he gave the property the market value that he did.

Based on the terms and conditions above, and under section 7.1.2 that the valuer is to determine the market value and their decision is final. As a professionally qualified surveyor, his opinion is final and binding and cannot be disagreed with. There is nothing in the terms and conditions that allows the valuation itself to be challenged. The lender could have included an appeal or review mechanism in the contract but it did not. There is no provision for challenging or disagreeing with a valuation carried out by an agreed properly instructed valuer. Their "decision shall be final".

I'm satisfied the valuation has been carried out as per the terms and conditions of the lender's guidelines so I cannot therefore agree that it was fair and reasonable for Lenvi to not treat it as final and binding and allow Miss D and Mr M to proceed with their redemption. Disagreement with the valuation is not enough.

The guidance notes for valuers require the valuer to determine any remediation costs and who is responsible for these. He did – under section 47 – say that he assumed the cost of the repair will be met by the buyer and not the seller and that the property is therefore valued based on its existing condition and based on the assumption that no further defect will surface following his recommendations for further investigation.

When the valuation was challenged, the valuer submitted a letter dated 4 November 2024 confirming that the valuation had been carried out fully in accordance with the lender's guidance and conditions and that he had fully investigated the respective liabilities for repairs and complied with the lender's requirements throughout. He said that he amended the valuation to make this clearer under paragraph 47 on page 13.

On the amended valuation – under that section – he said:

"We refer to the decision of the first tribunal property chamber (residential property) case reference [reference] dated 2 April 2024 wherein it is stated that the leaseholders will not be liable for remediation works in relation to the adverse fire safety issues at the subject property. We have formed our valuation on this

basis and have seen the evidence (in the form of a tribunal decision) that the leaseholders will not be liable for any costs and have therefore reflected this in our valuation”.

The valuer's opinion of the market value remained the same. He confirmed that he had given full consideration to the factors set out in the guidance for valuers in reaching his professional opinion. In those circumstances, I'm satisfied that, acting fairly and reasonably, Lenvi ought to have recognised that the valuation was final and that therefore there was a duty on the lender to allow redemption – as a regulated debt administrator acting fairly and reasonably, Lenvi was responsible for ensuring the lender's duties were complied with.

So taking the lenders guidance and conditions and the HTB contract into consideration, I am still of the opinion that the valuation from July 2024 is binding and should not have been rejected. Acting fairly, Lenvi ought to have ensured that the lender's obligation to redeem the loan was complied with. And it's fair and reasonable for it to compensate Miss D and Mr M for the consequences of it not doing so.

In addition to this, it also took Lenvi months to tell Miss D and Mr M that the valuation had in fact been rejected. Even if it was fair and reasonable not to treat it as final and binding – which I don't think it was – Lenvi should still have ensured that Miss D and Mr M were told of that in a reasonable time.

I said in my provisional decision that because the valuation was binding and ought to have been used to allow them to redeem, Miss D and Mr M should be allowed to redeem the HTB loan using the valuation from July 2024. I originally said this should be done by 31 December but given the time that has passed that's unlikely to be possible.

So instead, I am minded to direct Lenvi to compensate Miss D and Mr M for any financial loss that may follow from the failure to allow them to redeem at that time.

To put things right, therefore, Lenvi should initiate a new redemption process. It should ensure that they are able to redeem at no greater cost than would have been the case following the 2024 valuation.

If a new valuation is needed, then this should be arranged by Lenvi at no cost to Miss D and Mr M. If there is a second valuation, and that produces a higher value – and therefore a higher redemption sum – then Lenvi should make up the difference itself so that Miss D and Mr M are not charged more to redeem than they would have been charged based on the 2024 valuation. If for any reason redemption does not proceed, Miss D and Mr M will have the chance to make a future complaint about that if necessary, in due course.

Finally, I still think that Lenvi should pay Miss D and Mr M £350 compensation for the distress and inconvenience they've experienced.

Developments

Miss D and Mr M responded and in summary, made the following comments:

- They said there wasn't a deadline for Lenvi to put things right and they are worried that Lenvi won't follow the decision.
- They are worried about starting the redemption process again as they have had difficulties in dealing with Lenvi for long periods with no updates. They said this caused them a great deal of stress and worry.
- They originally wanted the flexibility of renting out their home so they could rent somewhere else with more space and now eighteen months on, they still don't have this option and only a few months away from welcoming their baby into a small flat. They would like a deadline by which Lenvi is expected to process and complete the

redemption and also ideally a dedicated case handler to deal with it.

Miss D and Mr M did however accept the provisional decision.

Lenvi responded and made the same arguments that they had made before, outlining again why they believe the Financial Ombudsman Service doesn't have jurisdiction to disagree with the terms of the Equity Mortgage contract and that we do not have the required expertise to review valuations and base our decisions on these. They said we do not have the authority to compel Homes England to accept any valuation reports.

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 have taken into account the arguments that Lenvi have made however my outcome remains the same for the same reasons that I have set out in my provisional decision.

As I have already explained, I am not making a finding on the appropriate value of the property but whether the valuation met the requirements of the loan agreement and whether that meant it should be treated as final and binding. The terms and conditions do not allow the valuation itself to be challenged where it is carried out by an agreed properly instructed valuer. So I am still satisfied that the valuation was carried out as per the terms and conditions of the lender's guidelines so cannot agree that it was fair and reasonable for Lenvi to not treat it as final and binding and allow Miss D and Mr M to redeem on that basis. I have nothing further to add than what has already been explained in my provisional decision.

I appreciate the comments that Miss D and Mr M have made as they have found this process to be very stressful and worrying for them. I understand they would like a set deadline for this process to be completed but this isn't something I will be able to give.

I am however directing Lenvi to restart the redemption process for them – something that will on average take around three months to complete. As I have said, although we are directing Lenvi to do this, if a second valuation is needed then this should be arranged and paid for by Lenvi. And if the redemption sum is higher than it would have been on the 2024 valuation, then Lenvi should pay the difference so that Miss D and Mr M are not charged more than they should be to redeem the loan based on the 2024 valuation.

I understand that Miss D and Mr M have encountered delays and would ideally like to have a point of contact to help them through this. The investigator has reached out to see if this is possible but in any event, if Miss D and Mr M accept this final decision, then Lenvi must follow the direction of this final decision and restart the redemption process again in order to allow Miss D and Mr M to redeem their loan as has been outlined.

If for any reason redemption does not proceed, then Miss D and Mr M will be able to make a future complaint about that if necessary. I appreciate this isn't something they want to do as they have been through a difficult time already and are about to welcome their new baby, but as I've said above, Lenvi will need to act now based on this decision to allow Miss D and Mr M to redeem the loan accordingly.

My final decision

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

- Start a new redemption process for Miss D and Mr M's loan. If a second valuation is required, that should be arranged and paid for by Lenvi. If the redemption sum is higher than it would have been based on the 2024 valuation, Lenvi should pay the

difference so that Miss D and Mr M are not charged more to redeem than they would have been based on the 2024 valuation.

- Pay Miss D and Mr M £350 compensation for the distress and inconvenience caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss D and Mr M to accept or reject my decision before 23 December 2025.

Maria Drury
Ombudsman