

## **The complaint**

Mr D complains that Lenvi Servicing Limited, the administrator of his help to buy shared equity loan, delayed in issuing a deed of postponement allowing him to re-mortgage.

## **What happened**

Mr D bought a property with the aid of the help to buy scheme. He took a standard first charge mortgage, and also a second charge shared equity loan.

In 2024, he decided to re-mortgage his first charge mortgage to a new lender to secure a new interest rate. In order to do that, he needed the agreement of the help to buy lender to postpone its charge behind that of the new first charge lender – this required a document called a deed of postponement. At the same time, he was also repaying part of the help to buy loan.

The lender of help to buy loans is a government agency not a regulated firm and as such doesn't fall within my jurisdiction. But the lender has appointed Lenvi to administer the loan on its behalf – and Lenvi is a regulated firm carrying on a regulated activity. As such I can consider whether Lenvi has administered the loan, including complying with the lender's obligations, in a way that's fair and reasonable in all the circumstances.

In essence Mr D was making two applications here – one to reduce the balance, and one to re-mortgage the first charge loan and postpone the lender's charge.

Because a help to buy loan is a shared equity loan, the repayment amount is not a fixed sum but is based on a percentage of the property's value at the time of the repayment. Mr D wanted to reduce the help to buy loan by 10% of the property's value. To do that, he would require a valuation to assess the amount to be repaid. And in order to obtain a deed of postponement, he would need evidence of his old and new mortgages, and a deed drawn up by his solicitor for the lender to sign and seal.

Mr D said that his new lender, which I'll call B, issued a mortgage offer and sent his solicitor a deed of postponement signed and sealed by B for forwarding on to Lenvi in early August 2024. He had also obtained a valuation. He says his solicitor sent them to Lenvi but didn't receive a reply until Mr D chased Lenvi in early September. Lenvi then said it hadn't received the completed deed of postponement – Mr D says this wasn't correct, but his solicitors sent another copy. Again Lenvi didn't respond.

Mr D says he called Lenvi again in early October, when he was told that Lenvi had received and uploaded the documents ready for the lender to sign, and that the process would take six to eight weeks. By this time the valuation had expired, so Mr D also sent an updated valuation. Lenvi confirmed receipt.

In early November, Mr D chased Lenvi again. He said Lenvi told him the deed of postponement he had sent couldn't be accepted. It would need to be unsigned, not already signed by B. And the valuation had expired and couldn't be extended further, so a new one would be required. It also said a more recent redemption statement for the old mortgage

would be required. Mr D's solicitors sent a new redemption statement and said they were liaising with B about changes to the draft deed.

In late December, Lenvi said it would now accept the deed in the format originally provided. But as B's mortgage offer was about to expire, a new one would be required. In January, it said it required corrections to the application form, and a new draft deed dated 2025 not 2024. In February, the lender rejected the draft deed because it required an unsigned one, not one already signed by B.

The deed was finally completed and sent to Mr D's solicitors on 12 March. There was then further correspondence between Lenvi and the solicitors about the correct process for obtaining B's signature on the deed and registering it with the Land Registry.

Mr D complained. He said that Lenvi had caused delay by not responding to him or his solicitors in a reasonable time, and because it kept changing its requirements. He said that because of the delays the fixed rate on his old mortgage had expired and instead of moving straight on to the new lender's fixed rate he had spent time stuck on the old lender's standard variable rate (SVR). He said that amounted to an additional £283.40 per month from 1 September 2024 until the new mortgage completed. He also said he'd had to pay for updated valuations. In addition, because of the delay B's new mortgage offer had expired and he had to re-apply. The second offer was at a slightly higher interest rate, which will cost him an additional £337.40 over the two year fixed rate period. He also said he had had to pay increased solicitors' costs, which the solicitors said were £500 plus VAT.

Lenvi didn't respond to Mr D's complaint within the required eight weeks, so he asked us to look into it. Once the complaint came to us, Lenvi made an offer to settle it. It accepted that it had been partially responsible for the delays, but said that Mr D's solicitors had also caused some of the delay. It offered to pay one month's additional interest on the SVR, plus half the cost of the new valuation (but not the extension), and half the increased interest on the new fixed rate. This amounted to £283.40 + £150 + £168.70, or £602.10 in total. It also offered compensation of £200 for the distress and inconvenience Mr D had experienced as a result of its part in what went wrong.

Our investigator thought this was a fair offer, but Mr D didn't agree and asked for an ombudsman to review his complaint. He said that Lenvi could have accepted the draft deed of postponement in August 2024 – if it had done so, all the other issues that arose wouldn't have happened and his new mortgage could have completed much sooner.

I thought that there was more Lenvi needed to do to put things right, so I issued a provisional decision setting out what I thought it should do.

### **My provisional decision**

I said:

“Our investigator included a detailed timeline of exactly what happened when in her assessment. Neither party has disagreed with that. As they're both familiar with it, and for reasons of brevity, I haven't included the full timeline here – I've merely summarised the overall process and the key events above, and the key matters in dispute below.

Mr D's complaint is that Lenvi is responsible for the whole process taking longer than needed, because:

- His solicitors sent a draft deed of postponement, along with the other

documents required, in August 2024. Lenvi unnecessarily rejected the draft deed. That was the root of the subsequent delay, which included:

- The valuation expired on 22 September, and Mr D had to obtain another one. This wouldn't have been necessary if Lenvi had accepted the draft deed before it expired.
- Lenvi then changed its requirements for the technicalities of how it required the deed to be drafted, which meant his solicitors had to make amendments and try to confirm whether they would be acceptable to B, before Lenvi changed its requirements back again.
- Lenvi also delayed responding to contact.
- As a result, the mortgage offer expired too, and a fresh application had to be submitted.
- Those further delays meant the valuation expired again, and another new one had to be obtained.
- Once all the documents were in place, Lenvi caused further delay by making more requests for amendments to the draft deed without explaining exactly what it needed and why.

However, Lenvi says:

- The August deed wasn't actually received by Lenvi until mid-September. It couldn't be accepted because it was incomplete – it had a place for B to sign and seal, but no place for the help to buy lender to sign and seal. So it needed to be re-drafted.
- That couldn't be done before the valuation expired, so Mr D was always going to have to obtain another one.
- At the same time, in other cases B had told the help to buy lender that it was no longer accepting deeds in the specific format that had been used previously. That meant that the lender stopped accepting draft deeds in that format and required them to be re-done in a format B would accept. Lenvi therefore had no choice but to reject the application in October and ask for the deed to be amended.
- It accepts it then caused delay in not responding to the solicitors between November and late December.
- By that time, the help to buy lender and B had reached agreement on the acceptable format of deeds, and it would now accept deeds drafted in the original format.
- Mr D's mortgage offer was due to expire in early January, so once matters were ready to proceed there wasn't enough time left, and Mr D had to re-apply for a new offer.
- Once that had been done, it was too close to the expiry of the valuation to proceed, so a new valuation was needed.
- All the documents were then in place. But the application still couldn't be accepted, because the solicitors still hadn't drafted the deed in the right format. It was only once that had happened that the application could be sent to the lender for the deed to be sealed.
- It therefore accepts that it contributed to the delay – but that part of the delay was due to B's change of requirements, and part to the solicitors submitting incorrect documents. It therefore offered to pay for one month's extra interest on the SVR, 50% of future interest, and 50% of the extra valuation costs as a fair reflection of the fact that it contributed to but was not solely responsible for the delays.

I agree with Lenvi that the application couldn't have proceeded based on the August

draft deed. It wasn't complete – it only included space for it to be signed by B and not by the help to buy lender. By the time that was corrected, it wasn't possible for the process to have completed before the valuation would expire. By that time the old valuation had already been extended to the maximum four months, so a new valuation would be required. But rather than asking for a wholly new valuation, Mr D asked the valuer to do a desktop valuation extension. I don't think I can fairly hold Lenvi responsible for this part of the overall time and costs.

Once a further valuation was obtained, and the deed of postponement amended, the application could have then gone ahead. The standard timescale for completing a deed of postponement is six to eight weeks. So completion could have happened by the time the mortgage offer expired in December.

Lenvi accepts that it is partially responsible for delay over this period, as it didn't respond to contact from the solicitors and because the lender's requirements for the content of a deed of postponement changed and then changed again, leading it to reject a revised application.

Lenvi accepts that it is partially responsible for delay over this period, as it didn't respond to contact from the solicitors and because the lender's requirements for the content of a deed of postponement changed and then changed again, leading it to reject a revised application. But it says the solicitors and B are also at fault – the solicitors for sending incomplete documents, and B for changing its requirements for the content of a deed which led Lenvi to change its own requirements before they were changed back.

However, while it wasn't unreasonable for the requirements of the deed to change to reflect the requirements of first charge lenders, Lenvi could have communicated this more quickly and responsively, and if it had the solicitors would have made the required amendments sooner.

The policy changed only a couple of days after the new valuation was completed and sent to Lenvi in mid-October. Realistically, Lenvi couldn't have communicated the change to the solicitors until late October. And given that would then have required the solicitors to amend and re-submit the deed, the application to be submitted to the lender, the lender to complete and issue the deed (which takes six to eight weeks), the deed to be sent to the first charge lender to approve and then the mortgage funds to be released, I don't think it would have been possible for everything to have happened before the mortgage offer expired.

Even if Lenvi hadn't delayed in communicating the changed requirements, therefore, Mr D would still have needed to apply for a new mortgage offer. But he could have made that application in early November – meaning the deed application could have been submitted to the lender by late November and issued by mid-January, with Mr D's new mortgage completing around the end of January. I'm therefore satisfied that Lenvi is responsible for delay beyond this point.

I've thought about whether it would be fair to hold Lenvi wholly responsible, or whether – as it suggests – other parties contributed to the delay as well. But I don't think it would. Much of the delays in January and February was caused by the need to obtain a new mortgage offer and a new valuation (the second one having expired on 15 February). But if Mr D had been able to obtain a new mortgage offer in November it wouldn't have been necessary to obtain one in December / January. And if the application had completed in January, a new valuation in February wouldn't have been necessary.

I do think that the solicitors caused some delay, due to formatting of the new draft deed, but this was only six days between 20 and 26 February. But I don't think that six days makes a significant difference. I'm satisfied that it's fair and reasonable to find that Lenvi is responsible for the delay between when the deed could have been issued, in mid-January, and when it was actually issued in mid-March.

I therefore intend to require Lenvi to compensate Mr D for this by requiring it to reimburse the equivalent of two months' additional interest on his old lender's SVR. It should also reimburse the cost of the unnecessary February valuation.

Lenvi has offered to pay half the additional interest Mr D will incur because of the slight difference in interest rates between the first and second mortgage offers. The total interest is £337.40, of which Lenvi has offered to pay £168.70. I've found that Mr D ought to have been able to apply for a new mortgage offer in November, not December / January. If he'd done that, the interest wouldn't have been the same as the later offer he received, but likely wouldn't have been the same as the earlier one either. It's not possible to know what interest rate the lender would have offered had an application been made at that time. But it's likely to have been similar to the other two offers – there was a very small difference between them, and given a November application would have come between the two the difference would likely be even smaller. As I say, it's not possible to know exactly what interest rate a November offer would have included. It's likely to have been less than the later one, but more than the earlier one. Where I can't fix exact compensation, it's reasonable for me to do the best I can. I think a reasonable estimate of the difference in interest between an offer Mr D could have obtained in November and the one he did get in January over the two year fixed rate is £250.

Mr D's solicitors charged a standard fee for the re-mortgage including the deed of postponement. And they've also charged Mr D an additional £500 plus VAT for work done outside the scope of the standard fee, based on two hours' work at an hourly rate of £250, for extra work dealing with the extra time and interaction with Lenvi. I've found that there were errors on both sides. I therefore think it's fair and reasonable for Lenvi to reimburse half of the additional £500.

Finally, Lenvi has offered £200 compensation for the distress and inconvenience caused. I don't think this goes far enough. I've taken into account what Mr D says about the impact on him. I've also taken into account my finding that Lenvi is responsible for two months of the time taken. It's clear Mr D was very worried about what was happening and the financial impact on him. In the circumstances, I think £450 is fair compensation."

To put things right, I said Lenvi should do the following:

- Pay Mr D one month's additional interest on the SVR, amounting to £238.40, plus simple annual interest of 8% running from 15 January 2025 to date of refund;
- Pay Mr D one month's additional interest on the SVR, amounting to £238.40, plus simple annual interest of 8% running from 15 February 2025 to date of refund;
- Pay Mr D £250 as compensation for increased interest on the mortgage offer he ended up taking;
- Reimburse the cost of the February 2025 valuation, adding simple annual interest of 8% running from the date Mr D paid the valuer's invoice to date of refund;

- Pay Mr D £300 as a contribution to the additional solicitors' costs (being £250 plus VAT) – I don't require interest to be added to this sum as I understand Mr D has not yet paid this invoice pending the outcome of this complaint; and
- Pay Mr D £450 compensation.

### **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.

In response, Mr D accepted my provisional decision. Lenvi said it didn't agree with all my findings but would pay the redress I had set out to bring things to an end. Having thought about things again, I see no reason to change my mind and so I uphold this complaint in the way, and for the reasons, set out in my provisional decision and reproduced above.

### **My final decision**

My final decision is that I uphold this complaint and direct Lenvi Servicing Limited to compensate Mr D in the way set out above.

Lenvi may deduct income tax from the 8% interest elements of my award. But it should give Mr D a tax deduction certificate so he can reclaim the tax from HMRC if he is entitled to do so.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 19 February 2026.

Simon Pugh  
**Ombudsman**