

The complaint

Mr and Mrs W complain that Target Servicing Limited (Target) has prevented them from redeeming their mortgage, causing them to incur unnecessary interest and other fees.

What happened

Mr and Mrs W sought to redeem their help to buy mortgage which is serviced by Target. The majority, if not all of the communication between Mr and Mrs W and Target was via Mr and Mrs W's solicitors, who I shall refer to as C.

Mr and Mrs W notified Target in early March 2022 that they wanted to start the redemption process.

Target wrote to C on 16 March 2022 acknowledging Mr and Mrs W's intention and confirming receipt of the valuation report. This letter set out the full process C would need to follow to ensure the mortgage redeemed on time, the date valuation would expire and the consequences of such an event and the alternatives it would accept should the valuation expire and by what date.

Target says it did not hear from C until 9 June 2022 when it received the letter of undertaking dated 7 June 2022. Given the date, it tried to expedite the process but sent out the authority to complete via the post in error. It accepts it should have emailed this document.

Unhappy with Target's actions, C complained on Mr and Mrs W's behalf. Target investigated the complaint and while it agreed its communication could have been better, it did not uphold the complaint overall, nor did it offer Mr and Mrs C any compensation or concessions.

Dissatisfied with Target's response to the complaint, C referred Mr and Mrs W's complaint to our service.

One of our investigators reviewed the complaint but did not think it should be upheld. While he noted the errors Target accepts it made, he didn't think this was the main reason why Mr and Mrs W had not been able to redeem their mortgage within their preferred timescale. So, he didn't think the complaint should be upheld.

Target responded to the investigator's assessment to say it agreed with his findings and had no further comments to add.

Mr and Mrs W disagreed with the investigator's findings and asked that the complaint be referred to an ombudsman.

As the complaint could not be resolved informally, it has now been passed to me for a final decision.

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.

When considering what is fair and reasonable in all the circumstances, I am required by DISP 3.6.4R of the Financial Conduct Authority's ("FCA") Handbook to take into account:

'(1) relevant:

(a) law and regulations;

(b) regulators' rules, guidance and standards;

(c) codes of practice; and

(2) (where appropriate) what [I consider] to have been good industry practice at the relevant time.'

I also focus on what I think is material and relevant to reach a fair and reasonable outcome. So, although I have read everything that has been supplied to me, I may not address every point that has been raised.

Having done all that, I don't think this complaint should be upheld. I realise this will be disappointing for Mr and Mrs W. But I hope the reasons I have set out below will help them to understand why I have come to this conclusion.

Ultimately, what I need to decide in this case is whether any error on the part of Target, caused a material delay in Mr and Mrs W's redemption process. And having considered the timeline of events, and the submissions from both parties, I don't think Target's actions (or lack of) were the driving force behind Mr and Mrs W's mortgage not being redeemed on time – or to this date.

Following C's notification to Target that Mr and Mrs W wanted to redeem their mortgage, C was sent a letter and accompanying redemption pack notifying it that the letter of undertaking must be with Target 15 working days before the intended date of completion and that Target would issue the authority to complete within 5 working days of its receipt.

This information was provided to C on 16 March 2022. So, it is reasonable to conclude that C knew or ought to have known what Target needed from it, or Mr and Mrs W, to complete the redemption process – including how far in advance it would need to send the letter of undertaking to facilitate completion and what would be required should the valuation report expire.

C has told this service that while Mr and Mrs W received their mortgage offer in April 2022, their account with C was originally being worked by a colleague who left its organisation, and their current case handler took over the case in May 2022. Following this change, C says it had to send two letters of undertaking to Target, the most up to date one being dated 7 June 2022 – two days before the intended completion date and expiry of the valuation report. Target says it received this on 9 June 2022. But it is unclear why C was unable to comply with Target's redemption process and supply the letter of undertaking 15 working days prior to the intended completion date rather than two calendar days prior.

In summary, it is not in dispute that Target could have communicated more efficiently. But I am not persuaded the reason Mr and Mrs W were unable to complete by 9 June 2022 or subsequent to that date, is because of that poor communication. And as Target processed their application within its committed standard operating timelines and tried to expedite the process for Mr and Mrs W as a concession, I do not think it would be fair or reasonable to

uphold this case.

Instead, the evidence shows Target had already notified C of the steps it needed to take on behalf of Mr and Mrs W to ensure a timely completion in March 2022 and Mr and Mrs W were in receipt of their mortgage offer from their lender by mid-April 2022.

From the information I have seen, C did not follow the steps set out by Target with enough time to be sure the completion would go ahead on the preferred date – taking into account Target's standard processing timeframes.

I can also see that following the 9 June 2022, C was informed that while the original valuation had expired, Target would accept either a desktop valuation or an extension letter from the surveyor if provided by a certain date – which would negate the need for a new RICS valuation to be commissioned (as per its letter of March 2022). I can't see these steps were followed.

I note Mr and Mrs W are yet to complete their redemption with Target – but this appears to be a result of the decision to await the outcome of this complaint rather than continuing the redemption process with Target.

My final decision

For the reasons set out above, I do not uphold this complaint and make no award against Target Servicing Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W and Mrs W to accept or reject my decision before 11 December 2023.

Lucy Wilson
Ombudsman