

The complaint

Mr and Mrs Z complain that their remortgage to another lender was delayed by HSBC UK Bank Plc which meant that they had to pay the higher rate on the HSBC mortgage for two months of £348.20 together with the fees of £120 to obtain their title deeds from another solicitor. Mr and Mrs Z want HSBC to repay them £470.

What happened

Mr and Mrs Z had a mortgage with HSBC on a two-year fixed rate product which was coming to the end of its term on 30 June 2019 and wished to transfer their mortgage to another lender. Mr and Mrs Z's solicitor asked HSBC for the title deeds to their property. HSBC requested the solicitor to get Mr and Mrs Z to sign a letter authorising the transfer of the deeds to their solicitor. HSBC then told Mr and Mrs Z's solicitor that they didn't have any title deeds.

Mr and Mrs Z say that they were forced to go to their previous solicitor to get the title deeds at a cost and causing further delays. Mr and Mrs Z redeemed the HSBC mortgage at the beginning of August 2019 but had to pay the extra interest over a two-month period of £348.20 and had to go to their previous solicitors to get the title deeds with the cost of that. Our investigator believed that HSBC had acted in a timely manner and that there was no evidence that HSBC provided their solicitor with inaccurate information. Mr and Mrs Z disagreed and asked for a review.

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.

Mr and Mrs Z wanted to transfer their mortgage to another lender and wanted to do it by 30 June 2019. As this didn't happen, they blame HSBC for not identifying that it didn't hold their title deeds at an earlier stage than it did. Their complaint appears to be based on the assumption that getting the title deeds was necessary before the new lender could provide them with a mortgage. That isn't obvious to me. HSBC says that it didn't have the title deeds but had been able to effect a mortgage on Mr and Mrs Z's property. That's because Mr and Mrs Z's property is registered on the Land Register and the Land Register is the definitive record of the ownership of land not the title deeds. So, the title deeds aren't required to show that Mr and Mrs Z own their property.

I note that although Mr and Mrs Z's solicitors in an email to them of 30 June 2019 make the point that HSBC gave them incorrect information about the title deeds, they don't say that HSBC's failure to provide the title deeds was the reason for the delay in completing the remortgage. Mr and Mrs Z have made that assumption, but they have produced no evidence for it. So, as no link has been established between the delay in providing information about the title deeds and the delay in the re-mortgage, I would find it difficult to uphold this complaint.

But I have looked at the sequence of correspondence between Mr and Mrs Z's solicitors to see if there was unreasonable delay by HSBC. As far as I can see looking at HSBC's notes and a memo from Mr and Mrs Z's solicitor, the following happened:

On 24 May the solicitors sent a request for the title deeds.

On 31 May HSBC contacted the solicitors by phone without response

On 3 June HSBC asked Mr and Mrs Z's solicitors for a Letter of Authority ("LOA") from Mr and Mrs Z to release the title deeds.

On 19 June Mr and Mrs Z's solicitors faxed to HSBC the LOA.

On 20 June HSBC wrote a letter saying they didn't hold pre-registration title deeds.

Looking at this sequence, HSBC seems to have responded promptly to the solicitors' initial request by phoning the solicitor on 31 May. When HSBC then got the LOA, it turned around its response within a day although it took the post a longer time to deliver it. The longest gap in the process appears to be between 3 June when HSBC asked by phone for the LOA and Mr and Mrs Z solicitor sending it to HSBC on 19 June and I can't blame that delay on HSBC.

Mr and Mrs Z are concerned that HSBC told their solicitor that it had the title deeds but didn't and that the process was a waste of precious time and have questioned why HSBC required this LOA. As regards the latter point, HSBC would seem to have a procedure whereby it requires the formal authority of the mortgage holder to transfer their documents to another party. I can see that it offers the mortgage holder a level of protection, particularly if there were joint mortgage holders and I can't say that that is unreasonable.

There is then a question of what was said by someone in HSBC on 3 June. Mr and Mrs Z's solicitor says that they were told in that conversation that HSBC had the deeds. HSBC's note of 3 June refers to asking for a LOA but not that it confirmed that it held the title deeds. So, there is a dispute as to what was said in that call of 3 June. A reasonable assumption is that the HSBC employee may have assumed that they held the pre-registration title deeds, asked for a LOA and then when the LOA came in, a search was made, and it was discovered that HSBC didn't have those documents. It's unfortunate that Mr and Mrs Z's solicitors weren't made aware of this before the 26 June but as I said above part of that delay wasn't the fault of HSBC.

The question is how did this affect Mr and Mrs Z's ability to complete their remortgage by 30 June? As stated earlier I've not been provided with any evidence that it did have an effect. I see that HSBC provided redemption statements to Mr and Mrs Z's solicitors on several occasions, but I've not been told by Mr and Mrs Z or their solicitor why the remortgage couldn't complete on any of those occasions. I believe it's reasonable to assume that as the title was registered in the Land Registers that the absence of the pre-registration title deeds shouldn't have prevented the re-mortgage.

In the event that it did, I believe that some of the delay in ascertaining the whereabouts of the deeds wasn't the fault of HSBC and that in any case HSBC was entitled to follow its procedures following requests for pre-registration title deeds. In those circumstances, I can't reasonably conclude that HSBC has been responsible for an unreasonable delay that affected Mr and Mrs Z's remortgage and so I can't fairly uphold this complaint. I note that Mr and Mrs Z have also complained about some of the phone calls they had with HSBC but as our investigator explained, as this wasn't part of their original complaint against HSBC, I haven't considered these as part of this complaint.

My final decision

My decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs Z and Mr Z to accept or reject my decision before 25 January 2021.

Gerard McManus
Ombudsman