

## **The complaint**

Mr and Mrs P's complaint is about a buy-to-let mortgage they took out with TSB. They are unhappy about the requirements TSB had of them – having to register the property on the new land registry, register Mrs P as a landlord and produce a new tenancy agreement. In addition, they consider there were delays in processing the application and TSB's legal representatives were incompetent. They don't feel that TSB was managing the application process.

## **What happened**

Mr and Mrs P applied to TSB to re-mortgage their rental property in February 2018. A mortgage offer was issued on 27 March 2018, which Mr and Mrs P accepted.

The property was on the Sasine register but hadn't been transferred to the new Land Register of Scotland. This needed to be done before the mortgage could be granted. TSB has said that Mr and Mrs P were told that if the property was only registered on the Sasine register, additional legal work would be needed; TSB would pay for that work, but it might mean that normal timescales wouldn't be met. As there were problems with the registration, it was not completed until 23 October 2018.

In addition to registering the property on the land registry, as the property was jointly owned by Mr and Mrs P and the mortgage would also be in joint names, TSB wanted the tenancy agreement for the property to reflect that information. TSB also required both Mr and Mrs P to be registered as landlords with the local authority.

Mr and Mrs P complained to TSB in August 2018. They explained what had happened during the application process and asked that the issues raised be resolved. They asked TSB what legislation had required Mrs P to be registered as a landlord. They also asked for an explanation as to why the existing tenancy agreement hadn't been acceptable and why it hadn't been pointed out to them at the start of the process or highlighted in the Mortgage Booklet. They said that had they been informed of the delays these matters would have caused, they would have walked away from the mortgage offer and looked elsewhere. The complaint was not addressed at the time it was received because of a system problem at TSB.

By the time the property was registered, the valuation had expired, as they will usually only be valid for a period of six months. A new valuation was commissioned and when it was returned, the value had increased. Shortly thereafter the mortgage offer also expired. Before a new mortgage offer was issued, Mr and Mrs P reduced the amount they wanted to borrow slightly, which meant they qualified for an interest rate product with a lower interest rate. The re-mortgage completed on 7 December 2018.

TSB responded to Mr and Mrs P's concerns in early 2019. It said that the time taken for processing the mortgage application had been due to the land registration taking as long as it did. In light of this, TSB has asked the solicitors that had dealt with that process to comment directly to Mr and Mrs P about what had happened. In response to Mr and Mrs P's concerns about how their complaint had been handled, in that they'd made the complaint in

August but it hadn't been acknowledged until December 2018. TSB offered them £250 for any distress or inconvenience and £50 toward any expenses they'd incurred.

TSB's appointed solicitors wrote to Mr and Mrs P about the process to register the property on the land registry. It explained the process that had been gone through and the timescales for each part of it. It was confirmed the registration work was finalised on 23 October 2018 and the solicitors were ready to draw down the mortgage funds. However, as the valuation had expired, the mortgage couldn't complete immediately and then a new offer needed to be produced and accepted by Mr and Mrs P. The solicitors said the cost to Mr and Mrs P of the first registration process was reduced from £150 to £45 as a gesture of goodwill because they had incorrectly been led to believe the lender would pay all the fees for the first registration, rather than just the basic costs.

Mr and Mrs P weren't happy with TSB's response and referred the complaint to this service. They said there had been a mortgage on the property before and it hadn't needed to be registered on a different register for that. They also explained that because of the delay the existing mortgage moved onto the lender's standard variable rate, so they paid more out in interest due to the delays. In addition, they confirmed that they hadn't received a response from the solicitors about the time taken for the registration process as TSB had promised. They also said that the solicitors had told them that it would be better getting the property registered at that time, rather than leaving it until they sold the flat in the future.

One of our investigators considered the complaint. She found that it wasn't unreasonable for TSB to have required Mrs P to register as a landlord and to be included in the tenancy agreement. This was because she was a joint owner of the property and had applied to be a joint borrower on the mortgage. In relation to the land registry process, she thought TSB was reasonable in requesting this be done and that most lenders would take the same position. She acknowledged this process took a long time, but the evidence showed that the solicitors were progressing the matter throughout. However, she'd seen no evidence that either TSB or the solicitors had managed Mr and Mrs P's expectations.

The investigator also concluded that the valuation and mortgage offer expiring by the end of the registration process would have caused Mr and Mrs P further distress and inconvenience through no fault of their own. She thought that TSB and the solicitors should have been monitoring the situation and managing Mr and Mrs P's expectations. However, she concluded that they hadn't suffered a financial loss due to the time it took for the mortgage application to go through, as the interest rate product they ended up with involved a lower interest rate than the one they originally applied for; saving them around £2,000 over the term of the product. This was more than Mr and Mrs P believed they'd lost because they were paying a higher rate of interest with their existing lender while the application went through. In addition, the investigator was satisfied the offer in relation to the delay in dealing with the complaint was reasonable. However, she considered that TSB should pay Mr and Mrs P a further £150 for the poor handling of the first registration and offer expiry by it and the solicitors.

Mr and Mrs P confirmed receipt of the investigator's opinion. They said the reason they saved money on the new mortgage arrangement was because they reduced the amount they were borrowing by £1,500 by making a payment of that amount to the previous lender. So the saving wasn't through the generosity of the recalculated TSB mortgage. In response, our investigator confirmed she had taken this reduction in the lending into account when she'd assessed whether Mr and Mrs P had suffered a financial loss.

TSB didn't accept the investigator's conclusions as it didn't think it had done anything wrong. It asked that the complaint be referred to an ombudsman for decision.

I issued a provisional decision on 23 August 2021, in which I set out my conclusions and reasons for reaching them. Below is an excerpt.

*'Mr and Mrs P are unhappy about the overall time it took for their re-mortgage to reach completion. In this case, the bulk of the time taken for the process was due to the property being registered on the new Scottish Land Registry. My understanding is that in order for a property to be sold in Scotland, the property has to be on the new land registry. In addition, a new security charge (such as those used by lenders) can only be attached to a property if it is on the new land register, which means a property has to go through the first registration process before a re-mortgage can be completed. Due to the nature of the titles on the old register, the process of adding a title to the new registry is often complicated and time consuming.*

*Mr and Mrs P's property was only on the old register, they needed to complete a first registration for their flat before the mortgage could progress. It has been confirmed that because of previous changes to the property title, the registration was complex and took a significant amount of time to do.*

*TSB included the cost of a straightforward first registration in with the free legal package attached to the application. However, if the registration process was more complicated, the borrowers had to pay the additional costs involved. That was the case for Mr and Mrs P.*

*The work to register the property was not part of the regulated activity of lending and was done on behalf of Mr and Mrs P, so that they could present TSB with a suitable title as security for the borrowing. As such, the actions of the solicitors during that process, wasn't the responsibility of TSB, even if it paid some of the cost incurred. So if there were delays during that process, I can't find TSB responsible for them, or for ensuring that Mr and Mrs P were kept informed of progress. As such, I can't find TSB was responsible for any additional interest Mr and Mrs P had to pay their existing lender because of the time the first registration took.*

*Outside of the first registration process, I don't think there were delays on TSB's part. The valuation and mortgage offer both expired around the time the registration process was completed. However, the amount of time the first registration would take couldn't have been predicted by TSB, and quite simply, these documents had a time limit on them. Arranging the replacements was done in a timely manner once the title situation had been resolved.*

*Mr and Mrs P are also unhappy that TSB required a new tenancy agreement with Mrs P included as a landlord; which required her to register as a landlord. Given the property was in joint names and the mortgage being applied for was also a joint one, it doesn't seem unreasonable for TSB to require any contracts relating to the property to be in both Mr and Mrs P's names.*

*I know that Mr and Mrs P will be disappointed with my conclusion, but I am not persuaded TSB did anything wrong when processing their mortgage application.*

*TSB made an offer of compensation because it didn't deal with Mr and Mrs P's complaint when it was received. Given their concerns about delays, their complaint not being responded to would have added to their frustration and upset. Having considered the matter of compensation for this carefully, I think the amount offered is appropriate in the circumstances.'*

Mr and Mrs P acknowledged receipt of my provisional decision and said they didn't have the time or energy to comment further.

TSB didn't respond to my provisional decision, but I am satisfied it received it.

### **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.

As neither party has provided any further comment, I see no reason to alter my conclusions.

### **My final decision**

My decision is that I don't uphold this complaint. Under the rules of the Financial Ombudsman Service, I am required to ask Mr and Mrs P to accept or reject my decision before 13 October 2021.

Derry Baxter  
**Ombudsman**