

The complaint

Mr and Mrs M complain HSBC UK Bank Plc trading as first direct ('HSBC') didn't take sufficient care with the paper title deeds to their property. Most of our communication has been with Mr M, so I'll keep things simple and refer only to him.

What happened

In 2004 Mr M took out an HSBC residential mortgage. He redeemed this mortgage in 2020 and asked HSBC for the paper title deeds to his property. In May 2020 HSBC told Mr M it hadn't had the paper deeds. But Mr M obtained confirmation from his previous mortgage lender that it had sent the paper deeds to HSBC.

In its final response of September 2020, HSBC confirmed it received the paper deeds in 2004 but they were now held electronically by the Land Registry, so HSBC no longer had them. HSBC accepted it initially gave Mr M incorrect information. It apologised and offered £50 compensation for the frustration it caused.

Unhappy with this, Mr M contacted our service. He said HSBC was wrong to say it hadn't had his paper deeds – he thought it had lost them, and that thousands of other HSBC customers would be similarly affected. He said the paper deeds held great sentimental meaning for him. And that HSBC had breached the Financial Conduct Authority's principles for treating customers fairly, and its handling of the paper deeds was a data breach. He wanted HSBC to pay £2,500 compensation for his time spent dealing with this issue based on his professional rates, and to provide a reconstituted copy of the paper deeds along with an apology and a statement to say it had misled him.

HSBC told our service it wasn't HSBC policy to destroy paper deeds and suggested either it would have posted them to Mr M, or the Land Registry may have destroyed them once it registered them electronically. But it said the time passed meant it didn't have records of this now. And while Mr M thought HSBC had destroyed the deeds, there was no evidence of this.

Our investigator said in 2003 it became usual for paper title deeds to be scanned, registered and destroyed. But he thought HSBC initially gave Mr M incorrect information about the paper deeds, and that it should pay him a total of £200 for the distress and inconvenience this caused. He also thought HSBC should pay Mr M the £7 Land Registry fee for obtaining electronic copies of the deeds, once Mr M had showed he'd paid this.

HSBC agreed. But Mr M asked for the complaint to be referred to an ombudsman, as he was still concerned about what happened to the paper deeds and wanted HSBC to prove they'd been destroyed. Mr M thought HSBC should pay his Land Registry costs. And he provided copies of his communication with the Land Registry, including a call recording with it regarding his deeds.

As Mr M asked, his complaint has come to me for consideration.

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 need to be clear that the role of our service is to look into individual complaints. So here, I'm only considering Mr M's individual complaint against HSBC regarding his title deeds. I'm not considering the other HSBC customer title deeds he's suggested are lost.

The crux of Mr M's complaint is that HSBC didn't take sufficient care of his paper title deeds, and he's outlined the principles for treating customers fairly that he says HSBC has breached. But I don't agree that's the case, and I'll explain why.

Documents from Mr M's previous mortgage lender shows it sent the paper deeds to HSBC in 2004, which HSBC doesn't dispute. The Land Registration Act (2002) meant it became normal practice for title deeds to be scanned, registered and then destroyed. And electronic versions became sufficient instead of the previous practice of holding the original paper deeds. So banks like HSBC no longer needed to hold paper deeds. Therefore HSBC wasn't obliged to keep them.

It's not clear what happened to the paper deeds in this case. But HSBC told our service it wasn't HSBC policy to destroy paper deeds and so either it would have posted them to Mr M, or the Land Registry may have destroyed them once it registered them electronically. But the time passed meant it didn't have records of this now. While I know Mr M believes very strongly that HSBC has lost his paper deeds, I've not seen enough evidence to be able to fairly conclude that's what likely happened. And given HSBC's policy, it seems unlikely it would simply have destroyed the paper deeds. Mr M also strongly believes there has been a data breach here, but hasn't provided any supporting evidence of such a breach. It's not for our service to say whether there has been a data breach. Mr M can instead raise those concerns with the Information Commissioner's Office.

In the Land Registry call Mr M has provided, the Land Registry was able to find a record of his property and confirmed it received a legal charge from HSBC in 2004, followed by a mortgage discharge document in 2020. So I'm satisfied Mr M's property was registered electronically with the Land Registry from at least 2004, and Mr M would therefore be able to obtain his title deeds electronically, as is usual practice now.

Taking all this into account, I'm satisfied HSBC hasn't caused an error that left Mr M with an unregistered property, or unable to obtain the title deeds electronically if he needed them. Even if I thought HSBC had made some sort of error that meant it had lost the paper deeds, I don't think that caused Mr M any financial loss or inconvenience. Because as I say, Mr M's property was registered with the Land Registry.

However, HSBC itself accepts it initially gave Mr M incorrect information about whether it had held the paper deeds or not. I think this would have caused him unnecessary confusion, frustration and inconvenience given it meant he needed to get confirmation of this from his previous mortgage lender. And I think this also caused Mr M distress, given what he's told us about the sentimental value he clearly placed on the paper deeds. HSBC has already acknowledged it gave Mr M incorrect information initially, and it apologised for this in its final response letter.

But given the confusion, frustration and distress HSBC caused Mr M over some months regarding this matter, I think an award of compensation is warranted here. However, I'm not compensating Mr M for his time spent bringing this complaint, as he's suggested. That's because Mr M wasn't bringing this complaint in his professional capacity. And when a business has made an error, our approach is to award compensation for distress, inconvenience and financial loss. Which I've already set out my thoughts about.

Putting things right

I'm satisfied the total of £200 suggested by our investigator is fair and reasonable in the circumstances - this includes the £50 HSBC has itself already offered. HSBC has agreed with our investigator's suggestion that it should pay Mr M the £7 Land Registry fee once Mr M shows it this is something he's paid, so I don't think that's unfair.

My final decision

For the reasons set out above, HSBC UK Bank Plc trading as first direct should pay Mr and Mrs M a total of £200 compensation for the unnecessary confusion, frustration and distress it caused them. It should also pay Mr and Mrs M £7 for the Land Registry fee, once they've shown this is something they've paid.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs M and Mr M to accept or reject my decision before 21 October 2021.

Ailsa Wiltshire
Ombudsman