

The complaint

Mr Y complains about problems with the secured bridging loan he took out with Charter Court Financial Services Limited trading as Precise Mortgages. He asks that it accepts its processes need improvement and puts this in place, refunds excess charges and compensates him for his time and its poor service, bearing in mind the fees he paid.

What happened

Mr Y took out a bridging loan with Precise in early March 2021. The security property was being marketed for sale and he received an offer on the same day the loan completed. When close to exchanging contracts he found out that Precise's charge hadn't yet been registered at the land registry. Mr Y says this caused delays with his sale. He incurred additional interest and spent time sorting the matter out.

Precise said its solicitors applied to register the charge with the Land Registry in the usual way as Mr Y hadn't said he wanted the charge to be registered urgently. Once its solicitors were told the matter was urgent (in May 2021) they expedited the application. The solicitors told Mr Y completion of the sale could continue without the charge being registered and they'd cancel the application once the loan was redeemed. The charge was registered in early June 2021. Precise says it wasn't made aware of the issue with the charge until the end of June 2021 when Mr Y contacted it, and so didn't have a chance to put matters right.

Mr Y wasn't happy with Precise's response. In summary, he says:

- Precise charged high fees for setting up the loan. He says for this the service he received should have been exemplary.
- The security property was being marketed for sale when he took out the loan, so Precise was aware it could be sold at any time.
- He didn't know there were different processes to register charges at the land registry. He says Precise didn't ask if he needed the charge to be registered urgently, even though it knew the property was being marketed for sale. It didn't update him about the process.
- The delay in the sale meant he paid interest on the loan for two to three weeks longer than necessary.

Our investigator said Precise didn't have to offer information about the process to register the charge to Mr Y. He said Mr Y could have asked Precise or his solicitor if he did want to know about this. Our investigator said Precise had acted in a timely manner. It didn't know in March 2021 that Mr Y wanted the charge registered on an expedited basis, and acted appropriately when it was made aware of this.

Mr Y explained why he didn't agree with the investigator. As well as points made previously, Mr Y said Precise would have known the Land Registry was busy at that time. And the investigator should have put more weight on what happened in March 2021 rather than after he raised his complaint. Mr Y said he was paying for dual representation (separate solicitors

for him and Precise) and it was reasonable to expect a large organisation to anticipate and deal with problems.

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 don't think Precise made an error here that would make it fair and reasonable to require it to pay compensation to Mr Y.

A broker applied for the bridging loan on behalf of Mr Y. The application said the funds would be used in the development of another property. The loan had a term of 18 months. The exit strategy was the sale of the property.

The application says Mr Y chose separate representation and gave details of his solicitor. While this might have been more expensive than joint representation, I don't think Precise was responsible for Mr Y choosing separate representation.

Precise offered a secured loan and, following completion, its solicitors made an application to register the charge at the Land Registry. While Mr Y says the application was put in the "slow lane" I don't think that's fair. Precise's solicitors followed the usual process to register the charge so as to protect Precise's security. I think that was reasonable. I don't think there was any requirement for Precise to update Mr Y about how the application to register the charge was progressing.

Mr Y says Precise knew time was important and provided emails he said supported this. The first, dated 8 February 2021 from his broker to Precise's solicitor, said he was keen to get a mortgage offer as he was looking to buy supplies. This evidences Mr Y's need for the loan funds, not that he told Precise he wanted to arrange matters so that he could sell the property soon after taking out the loan. The second is an email exchange between Mr Y and his broker on the day the loan completed about having received an offer for the property – which Mr Y described as a staggering coincidence after six months on the market.

Precise was aware that the property was being marketed for sale, and it could be sold at any time. But Mr Y hasn't provided evidence that he told Precise in early March 2021 he'd had an offer for the property, or that he expected to sell the property immediately after completion. Mr Y applied for a loan with a term of 18 months, which wouldn't have suggested to Precise that he expected an immediate sale. And the property had been on the market since October 2020, presumably without an appropriate offer being made. I don't think it's reasonable to say that Precise should have asked its solicitors to expedite the registration of the charge or offer Mr Y a fast track process, just in case the property was sold soon after completion.

Mr Y says Precise should have anticipated and found solutions for potential problems (by which he presumably means organising the loan completion to facilitate a potential quick sale). I don't think that's reasonable. I must take into account here that this was a business loan. The loan funds were to be used for property development, and the available evidence suggests the security property itself had been bought for refurbishment and resale. I think it was reasonable for Precise to expect Mr Y to manage his business. I think it was reasonable for Precise to expect Mr Y to raise any concerns, for instance about any possible issues with selling the property shortly after the loan completed – especially after he received an offer for the property.

Once Mr Y told Precise's solicitors that registration of the charge was urgent they expedited

the process. The charge was registered in early June 2021. Precise wasn't aware there was an urgent need to register the charge until the end of June 2021 – after it had been registered.

I don't think Precise made an error or treated Mr Y unfairly. In the circumstances, I don't think it's fair and reasonable to require it to pay compensation to take any further steps.

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 Mr Y to accept or reject my decision before 10 June 2022.

Ruth Stevenson
Ombudsman