

The complaint

Mrs R's complaint about Aldermore Bank Plc (Aldermore) relates to the registration of a charge over the wrong property and her wrongly incurring an Early Redemption Charge (ERC).

What happened

In September 2018 Mrs R entered into a mortgage with Aldermore. Solicitors acting on behalf of Aldermore made a mistake in the registration of that charge and it became registered against the wrong property – Flat 8 instead of Flat A. Mrs R decided to sell Flat 8 and in the process of doing so says she felt required to redeem the incorrectly registered mortgage. Mrs R said she was first aware of the error in registration on 6 June 2021 and as the sale completion date was 30 June she had no time to do anything other than to accept she would be charged the ERC. After completion on 30 June, Mrs R's solicitors contacted Aldermore on 7 July to point out the error and to ask for the ERC to be refunded, which they did on 18 August.

Mrs R would like Aldermore to refund all the monies she has paid to them under the mortgage as she believes the mortgage contract to be invalid as the charge was wrongly registered against the wrong property.

Aldermore said they could have amended the charge on the property without Mrs R redeeming it but understood why she did so because of the imminent end of the stamp duty moratorium. In recognition of the error Aldermore offered Mrs R £350 in compensation but declined to repay her the interest payments she'd made on the mortgage because she'd had the benefit of that mortgage and had been correctly charged the interest in line with the terms and conditions.

Mrs R was unhappy with Aldermore's final response and so approached this service to see if we could assist in resolving the dispute. Our investigator thought that although there had been a mistake, and thus poor service, the amount of compensation Aldermore offered was enough to put things right. Mrs R didn't agree and asked for the complaint to be passed to an Ombudsman 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.

My summary of what happened is brief and I know the parties went into a lot more detail. I'm going to focus on what I think are the key issues. Our rules allow me to do this and it reflects the nature of our service as an informal alternative to the courts. So, if there's something I've not mentioned, it isn't because I've ignored it, it's because I'm satisfied that I don't need to comment on every individual argument to be able to reach what I think is the right outcome.

I've taken account of both sides' views and looked at the issues raised and considered all the available evidence.

Aldermore accept their solicitors made a mistake in the registration of the charge. A more detailed explanation has been provided to Mrs R as to how this happened, so I don't need to go into it any further. And as Aldermore's have refunded the ERC I don't need to tell Aldermore to do anything further about that.

Mrs R feels that the all the monies she paid under the mortgage to Aldermore should be refunded to her because the mortgage didn't exist. I'm afraid I don't agree with that view as the mortgage did exist but was just registered against the wrong property. So, the terms and conditions Mrs R agreed to remained valid, and the interest charged to her under that mortgage was lawfully and properly due.

Mrs R has said that she could have used the funds she paid Aldermore for the ERC to invest elsewhere. However, I must also take into account when deciding what is fair and reasonable, that Mrs R took no steps to contact Aldermore prior to paying the ERC. Aldermore have said that the mortgage could easily have been amended, and although Mrs R disagrees with that view believing it would have taken months to amend, I don't see any evidence that that would have been so. Had she contacted Aldermore I am satisfied that the mortgage would more than likely have been amended and she would not have had to pay the ERC.

The ERC was refunded to Mrs R after some seven weeks putting her back in the position she would have been, and when I consider the fact that Mrs R didn't contact Aldermore until after she paid the ERC, I think Aldermore's offer of £350 is fair and reasonable. So, although Mrs R will probably be disappointed with my decision, and whilst Aldermore have indeed made an error, I can't say Aldermore has subsequently acted unfairly or unreasonably here and I'm not upholding this complaint.

My final decision

Aldermore Bank Plc has already made an offer to pay Mrs R £350 to settle this complaint, and I think that is fair and reasonable. So, my final decision is that it should pay Mrs R £350. For the reasons set out above I do not uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs R to accept or reject my decision before 6 October 2022.

Jonathan Willis
Ombudsman