

The complaint

Mr D complains HSBC UK Bank Plc caused delays in releasing security which he says caused him financial and non-financial loss.

What happened

Mr D looked to redeem his mortgage with HSBC in late 2021. As part of the redemption process Mr D's solicitor identified an additional charge HSBC held which appeared to be in relation to previously redeemed borrowing with HSBC. As part of this redemption process Mr D's solicitor asked HSBC to confirm both charges had been released. Mr D says his solicitor didn't release the proceeds from the redemption until it received confirmation that both charges had been released. Mr D says this caused a delay of around a month and a half between the mortgage being redeemed and his solicitor releasing the funds.

Mr D complained to HSBC. He said he'd incurred additional costs because of the delay it caused when confirming it had released both charges. He said his solicitor had charged him an additional £500 for the extra work it completed due to the delay; and Mr D said some of the funds from the sale were to be used for vital surgery for a family member and house renovations. Mr D said not having the use of the funds for the extended period of time led to financial loss and that he suffered distress and inconvenience.

HSBC upheld Mr D's complaint and offered him a total of £1,000. It said £500 was for the additional costs his solicitor had charged; and £500 was to reflect the distress and inconvenience the situation had caused.

Our investigator reviewed Mr D's complaint and felt HSBC should do more to resolve it. She said HSBC should also make a payment to cover a period Mr D didn't have the use of the funds following redemption while his solicitor was awaiting confirmation the charges had been released. Following further communications, the latest position is that HSBC has agreed to compensate Mr D for the loss of the use of funds for a period of 28 days; in addition to the £1,000 compensation already offered. It has calculated the loss of funds to total £1,270.08.

Mr D says HSBC should cover the full period that he didn't have access to the funds, so he asked for an ombudsman's review. As such the complaint has been passed to me to decide.

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 D has made further submissions since our investigator's view questioning why HSBC still held the additional security when the borrowing it related to had been previously repaid; and that he is looking for answers in relation to this.

I can't consider matters that weren't part of Mr D's original complaint and that HSBC hasn't had the opportunity to review; unless HSBC has agreed that our service can, which in this

instance I can't see it has. Mr D would need to raise these new concerns with HSBC and allow it time in line with its regulatory responsibilities to provide him with an answer before our service could consider these new complaint points.

However, I don't think these new matters stop me from fairly reaching a decision on this part of Mr D's complaint. I say this because while Mr D has said he wants clarification and an explanation as to why HSBC still held security used for other borrowing when he says this had been repaid; as part of this decision I'm considering that HSBC has acknowledged errors with the security it held, and that it has confirmed this other charge should have been released previously. Mr D doesn't seem to have suffered a financial loss because of this, other than what he has told us as part of this complaint, as it only came to light as part of the redemption process here.

Our service can't look to compensate for hypothetical situations, so while I appreciate Mr D has concerns and would like to know why this other charge hadn't been previously released, it doesn't appear to have caused him any additional financial and/or non-financial loss in addition to what he has told us here. So, the compensation awarded in relation to this complaint does reflect HSBC's error in still holding the additional charge.

In relation to the complaint Mr D initially brought to our service about the delays in releasing the charges and receiving the funds from his solicitor; both parties appear to agree there is no longer an active dispute here. HSBC has acknowledged errors and confirmed both charges have been released; and it has put forward an offer to resolve the complaint. So, my decision here solely considers whether HSBC's offer is fair and reasonable in resolution of this complaint.

This redemption process was different to most – in that Mr D's solicitors were looking for confirmation that the two charges (one related to this borrowing and one related to previously repaid borrowing) were released before it was satisfied the redemption process had completed and it would release the excess funds to Mr D.

So, in the individual circumstances of this case, I can understand why Mr D's solicitor looked to exercise caution and obtain assurances from HSBC that both charges had been released before it would send the funds to Mr D. And I think HSBC was aware of the approach Mr D's solicitors were taking from the outset and throughout the time HSBC took to confirm the charges had been released; as the evidence shows Mr D and his solicitor contacted HSBC numerous times to chase confirmation and request updates, with many of these requests going unanswered.

So, I think it was clear to HSBC why Mr D's solicitors were taking this approach, even if it wasn't necessarily the approach a solicitor would usually take when redeeming a mortgage. And in any event HSBC has confirmed it incorrectly still held a charge relating to previously repaid borrowing – so this needed to be resolved. But I can't agree HSBC should be accountable for compensation covering the full period Mr D's solicitor's decided to withhold funds; as ultimately this was Mr D's solicitor's decision. HSBC has agreed to cover 28 days where Mr D didn't have the use of the funds. It has calculated this to be from the date paperwork was sent to the land registry to remove the charge relating to this borrowing, and the date paperwork was sent to the land registry to remove the other charge, and confirmation of this sent to Mr D's solicitor. I consider its offer to refund the 28 days for loss of the use of funds to be fair – and I can't fairly or reasonably conclude HSBC should compensate Mr D for the loss of the use of funds outside of the 28 days HSBC has identified. I say this because there would likely have always been some period of time for the paperwork to be sent to the land registry for the release of the security relating to this borrowing; and it appears Mr D's solicitor took around a week after it had received confirmation from HSBC that both charges had been released to send Mr D the funds.

Having reviewed all of the available evidence on the file I consider HSBC's latest offer of £2,270.08 to be fair and reasonable in resolution of this complaint. I say this because:

- HSBC has covered the additional solicitor fees Mr D has said he's incurred for the additional work completed;
- I consider the award for distress and inconvenience is in line with what I would expect when an error has caused a considerable impact, which Mr D has told us in his testimony it did, based on what he had expected to use the funds for, and for the period of time the error had an impact on him; and
- HSBC has accepted there were delays in releasing the charges it held and notifying Mr D's solicitor, and it has made a fair offer to compensate for this.

Putting things right

As I've found above, in the individual circumstances of this complaint, I'm satisfied HSBC's offer of £2,270.08 for the financial and non-financial loss caused is fair and reasonable in resolution of this complaint.

This is broken down as:

- £500 to cover additional solicitor fees
- £500 for the distress and inconvenience caused
- £1,270.08 to cover lost use of funds

My final decision

My final decision is that I'm upholding Mr D's complaint about HSBC UK Bank Plc and direct it to put things right as detailed above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 20 October 2022.

Richard Turner
Ombudsman