

## The complaint

Mr and Mrs W complain that NRAM Limited failed to remove the legal charge held against their property on redemption of their mortgage.

## What happened

Mr and Mrs W held a mortgage with a lender, who subsequently transferred their mortgage to NRAM. For ease, I will refer to NRAM as the lender and the respondent to the complaint throughout my decision.

Mr and Mrs W redeemed their mortgage with NRAM in 2016. NRAM confirmed at the time that its legal charge had been removed from the Land Registry. However, Mr and Mrs W had an additional parcel of land associated with their property which held a separate legal title. So, although NRAM did remove its legal charge from the main legal title, it didn't do so from the additional title.

In around 2022 Mr and Mrs W were in the process of selling their property when their solicitor discovered a charge still registered on the additional legal title.

Mr and Mrs W complained to NRAM about this in June 2022. They explained how they felt they'd been impacted as a result of NRAM's error, including incurring additional legal fees in relation to the additional searches they say were required.

NRAM answered the complaint in July 2022 and upheld it. It apologised for not removing the charge from the additional title in 2016. NRAM confirmed that the issue had now been resolved and the charge correctly removed from the title.

Unhappy with NRAM's response, Mr and Mrs W brought their complaint to our service. Whilst the complaint was with our service Mr and Mrs W said that in around September 2022, their buyer had pulled out from the sale, and they subsequently couldn't proceed with their new purchase, losing 50% of their reservation fee totalling £1,500. They say this also resulted in costs incurred for wasted conveyancing work.

An investigator upheld the complaint and recommended NRAM put things right by paying Mr and Mrs W:

- £150 to cover the additional legal costs incurred for dealing with an additional title.
- A refund of 50% of the discharge of mortgage fee paid in 2016 upon redemption of the mortgage; and
- £150 compensation for the distress and inconvenience caused.

The investigator explained that once the matter was brought to NRAM's attention, it put things right by removing its charge within a reasonable timeframe. So, she didn't think NRAM could reasonably be held responsible for the sale and subsequent purchase falling through. As such, she didn't award any further redress for subsequent losses.

Mr and Mrs W accepted the investigators findings. NRAM asked for more evidence of the

legal expenses incurred. It ultimately agreed to covering these costs and paying £150 compensation, but it didn't agree to refund Mr and Mrs W half of the £250 discharge of mortgage fee.

Mr and Mrs W didn't accept this as a resolution to their complaint. This matter was then passed to me for a decision. I issued a provisional decision on 25 May 2023 and an extract of my provisional findings is below.

*"I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.*

*The key facts about this complaint aren't in dispute. NRAM has admitted it got things wrong. So, the only issue I have to decide is whether the things it has done to put things right, including the amount of compensation awarded to date, is fair and reasonable. I've carefully considered everything Mr and Mrs W have said about how they've been impacted as a result, and how they should be fairly compensated in the circumstances.*

*When making an award for compensation, I must decide what's fair and reasonable to both sides involved, giving careful consideration to all the circumstances of this case. I also think it's important to explain that, as a service, our awards are designed to compensate consumers - not punish organisations.*

*I've given careful consideration to all the submissions made by both parties, but I won't address each and every point that has been raised. I'll focus on the matters that I consider most relevant to how I've reached a fair outcome – in keeping with the informal nature of our service.*

*Having done all that, I agree this complaint should be upheld and redress paid, but not to the extent set out by our investigator. I realise this will be disappointing for Mr and Mrs W. But I hope the reasons I have set out below will help them to understand why I have come to this conclusion.*

*It's not in dispute that NRAM made an error in relation to the removal of its legal charge in 2016. Mr and Mrs W weren't aware that NRAM's charge remained on the additional legal title until their solicitor identified the issue in June 2022. So, I've considered the extent of how Mr and Mrs W have been impacted from that point onwards. Whilst the legal charge remained on their property for several years, this didn't impact Mr and Mrs W until they discovered the issue during the process of selling their property.*

*At this time, their solicitor explained that Mr and Mrs W would need to contact NRAM to get the charge removed, or the solicitor could do that on their behalf. The solicitor explained that NRAM'S legal charge would need to be removed from the title before the sale of their property could proceed.*

*Mr and Mrs W contacted NRAM directly themselves about this issue, which was the reasonable thing to do as it wasn't necessary for their solicitor to do this on their behalf, and for which Mr and Mrs W would likely be charged a fee for.*

*Mr and Mrs W say they incurred an additional legal fee of £150 for dealing with this matter. But as I've explained it wasn't necessary for their solicitor to deal with this matter on their behalf as this was something Mr and Mrs W could resolve directly with NRAM themselves – which they did.*

*The letter from Mr and Mrs W's solicitor on 6 June 2022 referring to the additional £150 fee was for the additional work carried out for having to deal with an additional title associated*

*with their property, which they'd have to pay in any event – regardless of the issue relating to NRAM'S remaining legal charge if that's something their solicitor charges extra for when having to deal with more than one title during the conveyancing process.*

*I think the nature of this fee has been misinterpreted. For the reasons I've explained, I'm not persuaded this fee is directly linked to any administration required in having to get NRAM's legal charge removed – as it was Mr and Mrs W that resolved the matter directly with NRAM. Whilst I appreciate Mr and Mrs W's solicitor would have had to likely check the charge had been subsequently removed from the Land Registry – there is nothing in their letter that refers to the fee being in relation to that.*

*So, for these reasons I don't think it's fair or reasonable to expect NRAM to compensate Mr and Mrs W for that expense.*

*I also won't be asking NRAM to partially refund the discharge of mortgage fee paid in 2016. I'll explain why.*

*Details of the fees payable on redemption of the mortgage would have been included in Mr and Mrs W's original mortgage offer. They don't dispute that to be the case, rather that because NRAM didn't discharge its charge properly, they shouldn't be expected to pay the entire fee.*

*A fee of this nature is commonly charged by lenders and is payable in all circumstances either at the end of the mortgage term or if repaid early. The purpose of the charge is to cover the administrative costs to the lender of discharging/ending the mortgage contract.*

*NRAM did remove its charge from the primary legal title in 2016 as expected. It's not so common to have multiple titles associated to a property and so in this case, NRAM mistakenly didn't pick up on that. When the matter of the remaining charge was brought to its attention it acted accordingly to get the matter rectified within a reasonable timeframe.*

*I do accept Mr and Mrs W experienced a degree of distress and inconvenience in relation to the extra effort involved to get this matter sorted with NRAM and they should be compensated for that. But asking NRAM to refund part of the fee that Mr and Mrs W paid several years ago, isn't what I consider a proportionate award on top of any compensation award.*

*As I've explained a redemption fee of this nature is a common part of a mortgage contract. It's in very rare circumstances that a lender would be expected to waive that fee. But for the error, there was undoubtedly the usual costs involved in NRAM discharging and ending the mortgage – it's not possible to quantify exactly how much the action of removing the additional charge would cost in its own right.*

*I've set out at the start of my decision our services approach to awarding fair compensation to customers. Our awards are designed to compensate consumers - not punish organisations. I've considered how Mr and Mrs W were impacted after discovering NRAM's mistake in 2022.*

*NRAM acted promptly and the charge had been removed before Mr and Mrs W brought their complaint to our service. It was after the charge had been removed and the complaint logged with our service that their buyer pulled out of the sale and as such they couldn't proceed with their purchase. Mr and Mrs W feel that NRAM's error and the delay caused by having to get the charge removed led to a breakdown of confidence and trust by the buyer.*

*I don't think it's fair to hold NRAM responsible for everything that happened following its*

*mistake. I say this because I'm satisfied that once the issue was brought to NRAM's attention, it submitted a correction to the Land Registry within a reasonable amount of time and from its final response letter we know the charge was removed by July 2022 at the latest. Mr and Mrs W say they were aiming for completion of their sale by 30 September 2022, so there was still a reasonable amount of time for completion to go ahead on time.*

*I'm also unable to say for certain that it was solely due to NRAM's actions that Mr and Mrs W's offer fell through. And there's not enough to say on balance that, but for NRAM's mistake, the sale and purchase would complete. There are too many other factors that can impact a successful completion.*

*When considering everything, for the reasons I've explained, I believe £150 compensation is fair and reasonable in the circumstances and direct NRAM to make this payment to Mr and Mrs W to settle the complaint.*

#### *My provisional decision*

*My provisional decision is that I intend to uphold this complaint and direct NRAM Limited to put things right by paying Mr and Mrs W £150 compensation for the distress and inconvenience caused."*

Both parties have responded to the provisional decision. NRAM agrees with the provisional outcome. Mr and Mrs W have responded to say that they don't agree that the outcome fairly compensates them in the circumstances. They've largely raised the same concerns that I've already considered when reaching my provisional decision. That being that they were billed £150 by their solicitor to cover the fee paid to the Land Registry to carry out a second search. And that the delay in removing the charge led to their sale falling through.

In addition, Mr and Mrs W say that had they applied for other forms of lending during this time, their credit scores would have been impacted and their ability to secure lending hindered by the charge in place.

I'll now proceed to issue my final decision on this case.

#### **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've also given careful consideration to all of the submissions made before arriving at my decision, including those in response to the provisional decision.

Having done so, I've reached the same conclusions as set out in my provisional decision and for the same reasons. I'll now address the specific points Mr and Mrs W have raised in response to the provisional decision.

I explained in my provisional decision why I'm not persuaded the £150 charged by Mr and Mrs W's solicitor was related to the removal of the charge in any way. The letter specifically says: *"Please note that this firm has a further charge of £150.00 plus VAT for dealing with an additional title"*.

I've explained why this cost would have been incurred in any event because Mr and Mrs W had an additional parcel of land associated with their property which held a separate legal title. Their solicitor's letter suggests it was charging them for having to deal with more than

one title. It isn't common to have more than one legal title associated with a property and so it's likely a solicitor will charge extra to account for the additional conveyancing required.

My provisional decision explains in detail why I can't reasonably hold NRAM responsible in the circumstances for the sale of Mr and Mrs W's property falling through. As such, I won't revisit this point again as I have nothing further to add.

Lastly, Mr and Mrs W have raised a hypothetical scenario about what could've happened had they tried to apply for other credit during the time NRAM's charge remained registered on their title. However, my role is to consider what *actually* happened and I cannot reasonably direct NRAM to pay any award for distress and inconvenience based on any consequences its error *may* have had.

In all of the circumstances, I have decided that NRAM has been reasonable in its attempt to put things right. So, I will not be directing NRAM to increase its award for distress and inconvenience.

### **Putting things right**

For the reasons set out above, NRAM Limited should pay Mr and Mrs W £150 compensation for the distress and inconvenience caused.

### **My final decision**

For the reasons set out above, my final decision is that I uphold this complaint and direct NRAM Limited to put things right as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W and Mrs W to accept or reject my decision before 7 July 2023.

Arazu Eid  
**Ombudsman**