

The complaint

Mr and Mrs J complain that Target Servicing Limited continued to write to them about properties they didn't own or have loans against after it should have corrected its records.

What happened

Mr and Mrs J have a mortgage administered by Target Servicing Limited. In 2020 Mr and Mrs J's neighbours were having difficulty selling their property because of an issue with the title deed – an issue that also affected other properties in the vicinity. That issue has been described to us as Mr and Mrs J being leaseholders of their neighbour's property. And the matter was to be resolved by Mr and Mrs J transferring the plot of concern to their neighbours, which required permission and the completion of a form by Mr and Mrs J's mortgage lender and administrator (Target), respectively.

There were delays in that process and they were the subject of a complaint brought by Mr and Mrs J to Target separately to this complaint. That process was completed in April 2021.

While the change necessary for the sale of Mr and Mrs J's neighbours' property had been completed, Target failed to update its own records accordingly. That led to Target sending subsequent correspondence to Mr and Mrs J – as it previously had – quoting property that was not their own and against which they had no loans.

Mrs J says she has mental health issues and found the whole matter difficult to deal with. She said the matter caused her embarrassment because, as part of the process, her neighbours that were affected by the issue became aware of Mr and Mrs J's financial circumstances. And, because Target wrote to her again without updating its records, she thought the matter was unresolved and she'd have to go through the whole process again along with the embarrassment she'd previously suffered. She says that caused her substantial distress and anxiety.

Mr and Mrs J complained about the additional addresses quoted on Target's letter in July 2022. Target responded with an apology, and it confirmed it had arranged for its records to reflect the correct security address. However, in November 2022, Target sent Mr and Mrs J further correspondence containing a similar error. That led Mr and Mrs J to complain again. In its final response letter dated 7 January 2023, Target apologised again and said it would amend its records. In both letters Target offered Mr and Mrs J £50 to compensate them for the distress and inconvenience caused by its errors - £100 in total.

Dissatisfied with Target's response Mr and Mrs J asked us to consider their complaint. Our investigator upheld their complaint because she thought Target should increase its offer of compensation with regard to the distress and inconvenience its failures to update its records had caused Mr and Mrs J. She said she didn't think Target's offer of £100 fairly reflected the impact its failures had on Mrs J in particular. Our investigator said Target should pay Mr and Mrs J £250 to resolve their complaint.

Target didn't agree. It said it had awarded a total of £140 and that was sufficient because it

had no control over delays caused by third parties. Our investigator responded and confirmed that her opinion did not relate to Target's actions in relation to the delay in the amendment of the title deed, only its failure to update its own records to reflect the amendment of the title deed. And it was Target's offer in relation to that in particular she thought wasn't sufficient, having thought about the impact caused. However, Target still didn't agree, so Mr and Mrs J's complaint has been passed to me 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.

From the evidence available, I can see that the events central to Mr and Mrs J's complaint are not in dispute. In Target's final response letters, it acknowledged it had failed to amend its records initially – following the completion of the work carried out to amend the title deed. And it acknowledged it had failed to update its records after Mr and Mrs J complained about its initial failure. So, to decide Mr and Mrs J's complaint, I'll only be considering whether its offer to compensate them for the distress and inconvenience caused by its failures was sufficient given the circumstances.

Target offered Mr and Mrs J £50 in respect of its initial failure and a further £50 in respect of its second failure. I've considered what Mr and Mrs J said about the impact of Target's failures. It appears from the contact notes and the call recordings provided by Target that Mrs J usually deals with Target in relation to their mortgage administered by it. She says the process to have the title deeds amended – in particular, Target's role in that – was stressful. She says Mr and Mrs J suffered embarrassment because their financial difficulty was exposed to their affected neighbours, and she says that Target was insisting they address the arrears on the mortgage account before it would facilitate the alteration of the title deeds. And, underlying all that, Mrs J says she suffers with her mental health.

Target's handling of the amendment of the title deeds isn't a matter I'm addressing as part of this complaint. I mention it here as background to illustrate what Mr and Mrs J had already experienced. And because Mrs J says the subsequent letters they received – showing the addresses of her neighbours as part of the security on her mortgage – caused them distress because they thought from those letters that the matter was not resolved, meaning they may have to go through the whole process again. Mrs J says those fears were made worse because of her mental health.

I think Target should have updated its records following the amendment of the title deeds. It made an error in not doing so. Having had that error pointed out to Target, and having acknowledged the error in response to a complaint, I think it should have taken extra care to make sure it then updated its records and ensure that it didn't write to Mr and Mrs J incorrectly. But again, it failed to do that, causing more distress to Mr and Mrs J.

Our role isn't to punish businesses for their errors. Instead, we look to compensate consumers for material loss and for distress and/or inconvenience caused to them because of a business' error. To assess distress and inconvenience, we must consider the impact to the individual consumer.

In this case Mr and Mrs J were concerned they would have to repeat a process that had already caused them significant distress. I think it's likely that the letters from Target would have caused Mrs J significant distress again because of her mental health concerns. And I've heard from call recordings that Target knew Mrs J had found the title deed amendment process stressful – she'd broken down, sobbing on at least one call and often mentioned her mental health concerns.

I also think, in situations such as this, a repeated error doesn't simply cause the same distress all over again. Instead, I think the distress can be compounded, resulting in a greater impact to the individual consumer. And I think that's likely to have been the case here.

Having considered all the evidence available, I agree with our investigator that Target's offer to compensate Mr and Mrs J for the distress and inconvenience its errors cause them wasn't sufficient. I also agree that a more appropriate amount to compensate them is £250.

Putting things right

To resolve Mr and Mrs J's complaint, Target should pay them a total of £250 in respect of its failure to update its records following the amendment to their title deeds and the distress and inconvenience that failure caused.

My final decision

My decision is I uphold Mr and Mrs J's complaint about Target Servicing Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs J and Mr J to accept or reject my decision before 13 September 2023.

Gavin Cook
Ombudsman