

The complaint

Mr and Mrs C say that, because of delays by Lloyds Bank PLC in removing a legal charge from their property title, their new mortgage offer lapsed. They had to take the mortgage at a higher rate of interest and want Lloyds to compensate them for this.

What happened

I do not need to set out the full background to the complaint. This is because the history of the matter is set out in the correspondence between the parties and our service, so there is no need for me to repeat the details here. In addition, our decisions are published, so it's important I don't include any information that might lead to Mr and Mrs C being identified.

So for these reasons, I will instead concentrate on giving a brief summary of the complaint, followed by the reasons for my decision. If I don't mention something, it won't be because I've ignored it; rather, it'll be because I didn't think it was material to the outcome of the complaint.

Mr and Mrs C paid off their Lloyds mortgage in 2015. However, due to an oversight, the legal charge wasn't removed from the property title.

In 2022 Mr and Mrs C were taking out a lifetime equity release mortgage with a lender I will call ML. During the course of the transaction, Mr and Mrs C's solicitors realised Lloyds still held a charge over the property, which needed to be removed.

I won't set out the timeline of events – the Investigator did so in his correspondence in relation to this complaint, and in Mr and Mrs C's other complaint about ML. However, I note that ML extended the mortgage offer to 20 September 2022. If the mortgage didn't complete by that date, it would expire. Completion didn't take place in time, and so ML issued a new offer, at a higher interest rate, which completed in October 2022.

Mr and Mrs C originally complained to ML, and subsequently to our service. Mr and Mrs C said that their solicitors had sent in all the documentation necessary to complete the mortgage by 15 September 2022. An Investigator looked at the complaint, and in doing so, he noted that there'd been delay by Lloyds in relation to removing the charge. He noted the charge was removed by Lloyds on 14 September 2022. However, overall, he didn't think ML's solicitors had had sufficient time to complete all the pre-completion checks.

Following this, Mr and Mrs C raised a complaint against Lloyds, saying that, but for Lloyds' delay in removing its charge, they'd have had sufficient time to complete the mortgage before the offer expired on 20 September 2022.

Lloyds didn't uphold the complaint. The bank looked at the timeline of events provided by Mr and Mrs C's solicitor. From this, Lloyds noted that the solicitors acting for ML hadn't been sent all the documentation ML required under the mortgage Special Conditions until 20 September 2022. ML's solicitors confirmed on 23 September 2022 that the Special Conditions had now been complied with and so the mortgage could proceed to completion. However, because the mortgage offer had lapsed, this would require a new mortgage offer.

In the circumstances, Lloyds offered Mr and Mrs C £300 compensation for not having removed the charge in 2015. However, the bank didn't think it was responsible for completion of the mortgage not taking place before the offer expired on 20 September 2022.

Mr and Mrs C brought their complaint to our service, and the same Investigator who'd considered the complaint against ML looked at it.

In his letter dated 27 October 2023 the Investigator made the following findings which are material to the outcome of the complaint:

- On 9 August 2022 Mr and Mrs C's solicitors had sent the charge removal request to a 'dead' fax number;
- On 22 August 2022 Lloyds advised the solicitors (incorrectly) to submit the request through a portal, but this was only intended for new business applications or to request redemption statements;
- the charge was removed on 14 September 2022;
- there were other factors that caused delay in completion that were unrelated to Lloyds.

The Investigator thought Lloyds should pay Mr and Mrs C an additional £100 compensation for giving the solicitors incorrect information about the portal, making total compensation of £400. Lloyds agreed to this. Mr and Mrs C asked for an Ombudsman to review the complaint. They've raised no further arguments, but have reiterated that the new mortgage is costing them an additional £2,000 a year in interest, through no fault of theirs.

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 read not just this file but the file on the previous complaint against ML, in order that I have the fullest picture possible of what happened.

It's unfortunate that Lloyds didn't remove the legal charge in 2015 when Mr and Mrs C paid off their mortgage. This is usually a quick and straightforward administrative process, which on this occasion was overlooked. Lloyds has offered compensation of £300 for not removing the legal charge in 2015, which I think is fair.

However, the crux of this complaint is whether the delay in removing the charge in 2022 is the reason why Mr and Mrs C's mortgage offer lapsed. After reviewing everything that happened, I'm satisfied Lloyds isn't responsible for this, and my reasons are given below.

Whilst I agree there was delay by Lloyds in responding to Mr and Mrs C's solicitors, this wasn't entirely the bank's fault; Mr and Mrs C's solicitors had sent the request to a fax number that had been deleted by Lloyds some years earlier. However, equally Lloyds shouldn't have told Mr and Mrs C to send the request through a portal which couldn't deal with it.

But looking at the timeline and the documents provided on both files I'm satisfied that the reason the mortgage didn't complete before the offer expired on 20 September 2022 was not as a result of any error on the part of Lloyds. It was because Mr and Mrs C's solicitors didn't send ML's solicitors the final piece of documentation ML required to fulfil ML's Special Conditions until 20 September 2022 – the day the mortgage offer expired. To be clear, this was documentation unrelated to Lloyds; ML's solicitors had had confirmation of the removal of the legal charge on 15 September 2022.

ML's solicitors therefore weren't given sufficient time to review compliance with the Special Conditions before the mortgage offer expired on 20 September 2022. It wasn't until 23 September 2022 that ML's solicitors confirmed the mortgage was ready to complete.

In the circumstances, whilst I acknowledge there was some delay and errors made by Lloyds, ultimately these weren't the cause of the delay in completing the mortgage before the offer lapsed on 20 September 2022. Consequently, there is no basis on which it would be fair or reasonable for me to order Lloyds to compensate Mr and Mrs C for the additional cost of the mortgage they took out with ML.

Putting things right

For its failure to remove the legal charge in 2015 Lloyds must pay compensation of £300, and for giving Mr and Mrs C's solicitors incorrect information about using the online portal, Lloyds must pay Mr and Mrs C compensation of £100, so total compensation of £400.

My final decision

My final decision is that I uphold this complaint. I direct Lloyds Bank PLC to settle the complaint as directed above. I make no other order or award.

This final decision concludes the Financial Ombudsman Service's review of this complaint. This means that we are unable to consider the complaint any further, nor enter into any discussion about it.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr and Mrs C to accept or reject my decision before 1 May 2024.

Jan O'Leary
Ombudsman