

The complaint

Mr and Mrs A have complained about a delay in an application they made to Pure Retirement Limited. They say the delay meant they couldn't complete on their new equity release mortgage before the offer expired. This led to the offer being withdrawn and the replacement offer was at a higher rate of interest.

What happened

Mr and Mrs A had a mortgage and two secured loans with a lender I'll refer to as H.

In March 2022 they met with a mortgage broker as they wanted to reduce their outgoings and borrow some further funds for home improvements. They applied for an interest roll-up equity release mortgage with Pure Retirement.

They received an offer for the new mortgage at the end of April 2022 which showed they were going to borrow around £305,000 and the interest rate would be fixed at 4.14% for the life of the mortgage. The offer had an expiry date of 3 June.

The solicitor acting for Pure Retirement ("the solicitor") asked lender H for a redemption statement, which was provided on 10 May.

There were some issues relating to the property which the solicitor resolved on 26 May.

At the start of June Pure Retirement granted an offer extension until 30 June.

On 2 June the solicitor sent a contact form to Lender H. That said:

"Please confirm if the redemption statement supplied to us 11/05/2022 (also attached to this email) from the account number mentioned above covers the following three charges and that they will be removed from the title upon its redemption"

The solicitor chased Lender H for a response on 9 June, 20 June and 27 June.

In the meantime Mr and Mrs A raised a complaint with Lender H about the fact it hadn't responded to the solicitor. Lender H responded to Mr and Mrs A's complaint on 28 June saying:

"Your solicitor has requested up to date redemption statements and confirmation we are able to remove any charges on your mortgage and the two Secured Personal Loans (SPL).

I appreciate you are unhappy as your solicitor confirmed the bank are not cooperating with you. I'm sorry but this is incorrect, as i [sic] discussed on today's call, I reached out to the secured assets team yesterday to check the correct process and to ensure the correct service levels have been provided with the correct information to your solicitor. I'm pleased to confirm the correct teams have already provided the redemption statements to your solicitor; these were sent within the correct timeframe. Your solicitor also requested confirmation that we can remove the charges.

What the secured assets team have confirmed

This is not something we normally do as it is the solicitors [sic] job to know what charges they are and what they need to pay off in order to remove the charges at the Land Registry.

It is not for the bank to confirm this. However, having reviewed your title and all 3 charges, the secured assets team are happy for me to send the confirmation that the redemption figure dated 10 May 2022 does cover the charges showing on the borrowers [sic] title. However, this would not be an accurate amount due to the time it has been since that date and a new redemption statement would need to be requested. At which point we will provide new balances for the two secured personal loans dated 28 May 2005 [sic] as well as for the mortgage."

As that answered the solicitor's enquiry it was happy to move to completion on the new equity release mortgage, although it required an up-to-date redemption statement and it was unable to obtain that before the offer extension expired. The solicitor contacted Pure Retirement to ask if a further extension could be given on the offer as it was just awaiting an up-to-date redemption statement but unfortunately the funder wasn't willing to agree to that.

A revised offer was issued on 6 July, but this time the interest rate was fixed at 5.04% for the life of the mortgage.

Lender H provided an up-to-date redemption statement on 15 July, and the equity release mortgage completed on 20 July, repaying lender H.

Unhappy with what had happened Mr and Mrs A referred two complaints to us; this one about Pure Retirement and the other about lender H. They said the two lenders were blaming each other and they wanted one of the companies to cover the additional interest they'll incur over the life of the mortgage.

I reviewed the complaints together and I issued provisional decisions on both of them to give the two lenders the chance to make any final submissions before I reviewed the cases again.

What I've decided – and why

I issued a provisional decision in December 2023, the findings of which said:

"Lender H has said:

"It is normal practice for the charges registered on the Title Deed to be removed by the lender, once funds had been received to repay any outstanding balances.

It is the responsibility of Lender H to request the removal of the charges and for your solicitor to ensure the charges have been removed, following redemption. We do not usually have to confirm this procedure will shortly be taking place to our customer's solicitors in such level of detail."

I agree that is the normal process. But the problem was that the solicitor needed lender H to confirm that the redemption statement covered all the debt owed under three separate charges Lender H had secured against the property. The solicitor had a redemption statement, but the redemption statement didn't state that the redemption figure was the figure to release the three separate charges. Whilst the mortgage and two secured loan accounts were listed on there, they could all have been secured under the original charge

and so the solicitor needed to check lender H wasn't going to ask for further funds to remove the other two charges.

Having reviewed everything provided by all the parties so far, I think it is more likely than not that lender H didn't provide the information that the solicitor needed until its letter of 28 June. But at that time a new redemption statement was required, and completion wasn't possible before the offer extension expired at the end of June.

Lender H has said the confirmation the solicitor was asking for wasn't a requirement of the equity release offer and listed some of the offer conditions to show this. But nothing on the redemption statement says all three charges would be removed upon receipt of the funds, and it is possible that Lender H had sent the solicitor a redemption statement for just one of the three charges. If that was the case, and the solicitor had just paid the redemption figure quoted, then the other two charges would have remained and those would have ranked ahead of Pure Retirement's charge, thus impacting its security. The solicitor had a responsibility to ensure Pure Retirement's security wouldn't be impacted and asking the question it did doesn't seem unreasonable in this individual case due to the three separate charges being secured on the property.

The solicitor was responsible for ensuring Pure Retirement held first charge over the property and that's a fundamental part of the conveyancing process. The solicitor decided it wasn't safe to proceed until it had received the confirmation it needed from lender H and I can't say it was wrong to do that.

The April mortgage offer was only valid for 42 days. Pure Retirement extended the offer for a further 27 days until 30 June. I consider it was reasonable for Pure Retirement to extend the offer the first time, but rates change all the time and I wouldn't expect it to have held the offer open indefinitely or to extend the offer again past 30 June.

Having considered everything very carefully I'm not currently persuaded that Pure Retirement (or its solicitor) was the reason why the mortgage didn't complete by the extended offer deadline of 30 June, nor do I think Pure Retirement acted unreasonably in not extending the offer any further."

Neither party made any further submissions on this complaint, and lender H made further submissions on the linked complaint.

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

Having done so, and having considered everything lender H said on the linked complaint, I see no reason to depart from my provisional conclusions.

My final decision

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr and Mrs A to accept or reject my decision before 29 February 2024.

Julia Meadows
Ombudsman