

## **The complaint**

Mr I complains that Bank of Scotland plc demanded an extra monthly payment at the end of his loan term, and delayed the release of a charge over his property by around ten months.

## **What happened**

In December 2007 Mr I took out an unregulated business loan with Bank of Scotland for £150,000. As security for the loan, the bank registered a charge over Mr I's property. The loan term was 15 years, and was to be repaid in 180 monthly instalments. The last payment was due in December 2022. Mr I says he called the bank in November 2022 to confirm this, and he was told that the December payment would close his account.

However, in January 2023 the bank told him that he had actually missed one payment in 2011, and that he still owed it. Mr I disputed this, but he said that if it was true then he should have been told about it at the time, not at the end of the loan term. He eventually paid the allegedly outstanding amount in April 2023, only because otherwise the bank was going to sell the debt and record an adverse marker on his credit file. He brought this complaint to our service the same day. He later complained that despite making the demanded payment, his deeds had still not been returned to him. He said this had prevented him from obtaining a new loan, secured against his property, with which to start a new business.

The bank said it did not hold a physical copy of Mr I's deeds, but it had registered a charge on his property, which it had removed in October 2023. This delay has not been explained. In response to the original complaint, the bank offered him £150 for having given him incorrect information in November 2022. It said that although Mr I had missed a payment in 2011, this had been paid soon afterwards, and so there had actually been no arrears in 2023. Rather, the payment that was still owed in January 2023 was in fact the final scheduled payment that was due under the loan agreement, not a late payment.

Our investigator upheld the original complaint about the unexpected demand for payment of one more monthly instalment. She said that the terms of the loan agreement required Mr I to make 180 monthly payments, but the payment which was demanded in January 2023 would have been the 181st. The 180th payment was the one which fell due, and was paid, in December 2022. So she recommended that the bank refund the payment Mr I had made in April 2023, and also pay him £300 compensation, in addition to the £150 which the bank had already offered him.

Part of that £300 was to compensate Mr I for his inconvenience due to the delay in removing the charge from his property. But the investigator did not uphold Mr I's complaint about the delay causing him to miss out on obtaining a new loan, because she said this part of the complaint was not supported by sufficient evidence. She said that a loan offer did not appear to have been approved in principle, and there was no evidence that a loan application had been refused because of the charge remaining on the property. And she also said that Mr I had not chased up the matter with Bank of Scotland after April 2023, and that he had explained that this was because the business opportunity he'd wanted to fund was no longer there.

Bank of Scotland accepted that decision, and agreed to pay the compensation. Mr I did not accept it. He argued that the bank would have had no other reason to deny him a loan, considering the value of his property, compared with the amount he wanted to borrow. He estimates his financial loss as being £67,000. He asked for an ombudsman's 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.

Since both parties have accepted the investigator's decision about Mr I's complaint regarding the demand for an extra payment in 2023, I do not need to reconsider that point. So I will adopt the investigator's recommendation about that. That just leaves the complaint about the delay in releasing the charge over Mr I's property.

Bank of Scotland has not explained why the charge over Mr I's property was not released until October 2023, six months after he paid the disputed amount. So I uphold his complaint about that issue. It just remains for me to decide what would be fair compensation for that.

Mr I has provided evidence showing that he had a business deal with a third party, and he has provided his calculations about how much his profits might have been if that deal had not fallen through. He says, and I accept, that he needed a new loan to fund this venture, and that he had mentioned this to Bank of Scotland in November 2022. Unfortunately, I have seen no evidence that a loan application was made, or that an application was declined for the reason suggested by Mr I. And if his complaint is really that he felt that he was in no position to make an application because of the charge on his property, then I'm afraid that I am unable to conclude that an application would have been unsuccessful if it had been made. Bank of Scotland might have just transferred the charge to the new loan.

I am therefore not satisfied that the bank's delay in releasing the charge caused Mr I to miss out on his business opportunity.

### **Putting things right**

Bank of Scotland plc must therefore:

- Refund the payment Mr I made in April 2023, and
- Pay him £300 for his inconvenience (in addition to the £150 it has paid him already).

### **My final decision**

My decision is that I uphold this complaint in part. I order Bank of Scotland plc to put things right in the way I have set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr I to accept or reject my decision before 2 July 2024.

Richard Wood  
**Ombudsman**