

The complaint

Mr H and Ms S complain that Bank of Scotland plc trading as Halifax will no longer offer them a deeds storage service (Deedstore). Halifax has recently closed Mr H and Ms S' mortgage account and returned their paper title deeds to them.

What happened

Mr H and Ms S took out a mortgage with Halifax some years ago. At that time, Halifax offered a Deedstore scheme where borrowers could leave a balance of over £1 on their account after the mortgage was repaid. Halifax would then securely store the title deeds for the property.

Mr H and Ms S' mortgage term ended in 2017. Rather than leaving an outstanding balance, Mr H and Mrs S left a £1 overpayment in their account. Their account remained open, and no interest or contractual monthly payments were charged to the account. Their title deeds were securely stored by Halifax which retained a first charge on the property.

In December 2022, Halifax began a program of closing all Deedstore accounts which were in credit and returning the title deeds it held to the borrowers. Halifax wrote to Mr H and Ms S on 20 December 2022 to say they were owed compensation interest for the £1 overpayment in their mortgage account. Halifax said when the mortgage balance was cleared, it should have closed the mortgage and let Mr H and Ms S know there was an amount due back. It requested Mr H and Ms S' bank account details to make this payment. It said they would be contacted separately about the closure of their mortgage.

On 1 February 2023, Halifax wrote to Mr H and Ms S to tell them their mortgage account had been closed and it would remove its charge on the property. It said if it hadn't already sent the title deeds to them, it would send them within 28 days. It said if it doesn't hold the title deeds, they would be held electronically at Land Registry. Ms S responded to Halifax's previous letter before she received this letter and provided their bank details on 3 February 2023.

Ms S contacted Halifax on 3 February 2023 to ask about their title deeds. She spoke with two different Halifax staff members and was told the deeds would be sent to Land Registry, and then that there were no physical title deeds.

On 7 February 2023, Ms S complained to Halifax that she had been given conflicting information during her calls. She was unhappy Halifax was no longer offering the Deedstore scheme. Ms S said her understanding was that the Deedstore scheme was part of their mortgage conditions, and that Halifax should continue to store the documents until they redeemed the mortgage, or the house was sold. She said they were having problems with Land Registry's recording of their title deeds, so the paper title deeds were very important in their situation.

On 9 February 2023, Halifax refunded £1.40 to Mr H and Ms S for the overpayment in their mortgage account with interest. The title deeds were sent by recorded delivery to Mr H and Ms S on 13 February 2023.

Halifax responded to the complaint on 17 February 2023. It agreed Ms S was given incorrect information on the phone about whether Halifax held the title deeds. It offered £80 for the upset this would have caused. It said it was a bank decision to close Deedstore mortgage accounts as it was unable to offer this facility going forward.

Mr H and Ms S didn't accept this. They wanted Halifax to store the deeds until their property is sold, or to pay another company to store their deeds.

Mr H and Ms S referred their complaint to our Service where one of our Investigators looked into the complaint. Our Investigator said lenders don't need to hold paper deeds anymore and it was Halifax's decision to no longer offer a Deedstore facility. He thought Halifax hadn't been clear in its communications to Mr H and Ms S and didn't advise the purpose of refunding the overpayment was to close the account and return the deeds. He thought Halifax should increase the payment to Mr H and Ms S to £200.

Halifax accepted our Investigator's view, but Mr H and Ms S didn't accept this. They responded in detail. In summary, they said it wasn't fair to deduct £80 from the increased compensate of £200 as it was for a separate issue. They said the title deeds with Land Registry weren't recorded correctly, so it was very important the paper deeds were stored securely. They said they had already paid for Halifax to store the title deeds and they shouldn't have to pay for them to be stored securely elsewhere. They said the stress of this was impacting their health and will be until the paper title deeds are stored securely.

As Mr H and Ms S didn't agree with our Investigator, the complaint has been passed to me to consider and make 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.

Mr H and Ms S have responded to our Investigator in detail. I understand Mr H and Ms S' main concern here is about Halifax no longer storing their paper title deeds. I want to reassure them that I've read and thought about everything they've said. I may not address each and every point they've raised. That simply reflects the informal nature of our service. Instead, I've addressed what I consider to be the crux of their complaint. I hope they won't take that as a discourtesy.

I've reviewed the pages provided by Ms S that were part of a booklet accompanying Mr H and Ms S' mortgage offer. Ms S has said these pages show the Deedstore facility was part of their mortgage contract and Halifax therefore can't remove the facility. I appreciate that the Deedstore scheme is outlined in this booklet. But it's important to note that the purpose of this booklet was to give information relating to mortgage products at that moment in time. The booklet is clear that it doesn't replace any mortgage conditions and that the provisions outlined in it could be varied in the future. So, I can't agree that offering a Deedstore facility was part of Mr H and Ms S' mortgage contract with Halifax. It was a scheme that Halifax chose to offer to customers at that time, but it wasn't a condition of the mortgage offer. And Halifax wasn't obligated to continually offer the Deedstore scheme.

It's reasonable for a lender to continually review its product offering and make business decisions about whether to continue to offer them in the future. Halifax has made a decision to no longer offer a Deedstore scheme. That is a commercial decision Halifax is entitled to make. So, I can't say it has acted unfairly by deciding to no longer offer the Deedstore facility.

I've reviewed the transaction history on Mr H and Ms S' mortgage account since 2017. I can't see that any interest or fees have been charged while the account has remained opened and the Deedstore scheme was used. So, I don't think Halifax has been charging for this service. But even if it had charged to use the Deedstore scheme, it would still be entitled to stop providing the service if it chose to.

Paper title deeds are no longer used to show ownership of a property. The Title Register held with Land Registry is now used to record all information about registered property and land in England and Wales. So, there is no requirement for paper deeds to be kept going forward. Many businesses have made the decision to no longer store paper deeds and to return them to customers. And I don't think this is an unreasonable action to take and it's a decision Halifax is entitled to make.

I understand Mr H and Ms S are in a dispute with Land Registry about what is recorded on the Title Register. I can understand why Mr H and Ms S feel strongly about the importance of their paper deeds while this is ongoing. But I can't say that this obligates Halifax to continue to offer a Deedstore scheme. Halifax have confirmed it is in the process of closing all Deedstore accounts and as I've explained above, that is its decision to make. And Mr and Ms S now have copies of their deeds to assist with this dispute. How these deeds are stored will now be a matter for them to arrange.

I've also considered whether I think Halifax has communicated its decision to close Mr H and Ms S' Deedstore account and return their paper deeds clearly. And I don't think it has.

The letter sent to Mr H and Ms S in December 2022 focused on returning the overpayment with interest to them. It didn't acknowledge that this overpayment was made as part of the Deedstore scheme. It didn't make it clear that the Deedstore scheme was closing, and Mr H and Mrs S's account would now be closing too. I think Halifax should have done more to explain why the payment was being returned and what this meant for Mr H and Ms S' Deedstore account and their paper deeds.

Furthermore, Halifax has agreed it gave conflicting and inaccurate information about whether it held Mr H and Ms S' paper deeds during Ms S' phone calls following this. This situation caused Mr H and Ms S additional stress as the paper deeds are very important to them.

Had Halifax been clearer in this regard, Mr H and Ms S wouldn't have been as shocked to discover their deeds would no longer be securely stored. And they would've had more time to make arrangements to store their deeds elsewhere.

I agree with our Investigator that Halifax needs to do more to put things right here. I've thought about Mr H and Ms S' point that the original £80 was awarded for another issue. Whilst I think that this is all broadly the same complaint point, having thought about this carefully, I think that a further £200, in addition to the £80 already paid, is a fair amount for the distress it caused Mr H and Ms S because of the unclear and inaccurate information it provided around the closing of their account and the whereabouts of their paper deeds.

Putting things right

For the reasons set out above, Bank of Scotland plc trading as Halifax should pay Mr H and Ms S a further £200 compensation for the distress and inconvenience this matter has caused. This is in addition to the £80 it's already paid. I understand that the £80 has already been paid. But if this isn't the case, Halifax should pay this as well.

My final decision

I uphold this complaint and direct Bank of Scotland plc trading as Halifax to put things right as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H and Ms S to accept or reject my decision before 21 May 2024.

Rob Deadman
Ombudsman