

The complaint

Mr S is unhappy with how he has been treated by The Mortgage Works (UK) Plc ('TMW') in relation to his mortgage.

In particular, Mr S says delays in TMW sending him paperwork after he'd redeemed the mortgage led to problems with the sale of his property, which in turn caused a significant financial loss.

What happened

Mr S originally took out a mortgage with a different lender. The mortgage was later transferred to TMW.

On 5 September 2022, Mr S contacted TMW to say he'd been wanting to redeem the mortgage for a long time but hadn't been able to because he hadn't been aware the mortgage had been transferred to TMW. Mr S raised a complaint about that and also said that he wanted to repay the loan immediately.

TMW's agent said Mr S wouldn't be able to redeem the mortgage on that same day. The agent said the mortgage servicing team would be better placed to be able to help with that, but that the complaint he'd just raised would need looking into first.

Mr S rang TMW two days later on 7 September 2022. On this call, TMW's agent said Mr S could redeem his mortgage straight away. Mr S complained this was different to what he'd been told in the previous call and that he'd not been receiving any correspondence from TMW in relation to the mortgage. Mr S was provided with a redemption figure and given details for how to make payment. Mr S asked for related correspondence to be sent by e-mail, as he said (and complained) that he hadn't been receiving any correspondence in relation to the mortgage.

On 3 October 2022, TMW e-mailed Mr S to ask him to confirm his postal address for correspondence to be sent to. Mr S responded to this providing an address. TMW acknowledged this and said it would post the deeds to this address. However, this didn't happen.

On 21 December 2022, TMW sent Mr S an e-mail saying it was having difficulty getting his address updated on its system, that it couldn't make changes via e-mail request and asked Mr S to call or to write a letter confirming his address. Mr S called TMW later the same day to express concerns about how his complaint had been dealt with. During this call, Mr S referred to the e-mail about his address.

He said there was nothing to rectify, noting that he'd repaid the mortgage and didn't have a need for any more statements to be sent. Mr S did not mention on this call that he hadn't yet received the Title Deeds and associated correspondence.

In January 2023, TMW sent Mr S a letter following and in response to the points raised during the call in December 2022. Within this letter, TMW asked Mr S to make contact by

telephone in order for his address to be fully updated on its systems. Mr S didn't do this.

In late February 2023, TMW contacted Mr S by phone to try to resolve the address issue. Mr S said he wanted to speak to a senior complaint handler. A TMW representative called Mr S a few days later, but Mr S didn't pass the caller verification process and so the call didn't proceed. Mr S raised a further complaint about this and other matters, including that he hadn't yet received the Title Deeds and associated correspondence.

Mr S's address change was subsequently completed over the telephone and he eventually received the Title Deeds and associated correspondence in early April 2023.

TMW issued a number of Final Response Letters (FRLs) in response to the concerns raised by Mr S. In summary, TMW didn't uphold the complaints about Mr S being unaware his mortgage had moved to TMW and linked to this him not receiving mortgage statements and other correspondence. It also didn't uphold his complaint about the time taken for him to receive the Title Deeds and associated correspondence.

TMW did however offer £150 in compensation for a manager not calling back when this should have happened and for asking Mr S to confirm his address change by e-mail when this wasn't the correct process.

Mr S referred his concerns to the Financial Ombudsman Service. An Investigator here issued an initial assessment saying they couldn't consider some of the points raised by Mr S because under the rules that apply, they had been referred to the Financial Ombudsman Service too late. The Investigator said the points about Mr S not having been made aware the mortgage had transferred to TMW and not receiving mortgage statements, had been responded to in FRLs dated more than six months before Mr S raised these issues with the Financial Ombudsman Service.

The Investigator also said that a number of the issues raised by Mr S were specifically to do with how his complaints had been handled and not related to the administration of the mortgage. The Investigator said we also wouldn't be able to look at those issues, because complaint handling isn't a regulated activity that falls within the remit of the Financial Ombudsman Service.

Both Mr S and TMW accepted the Investigator's findings about what the Financial Ombudsman Service could and couldn't look at.

The Investigator proceeded to issue their findings on the points they could consider. In summary, they said:

- TMW should've allowed Mr S to repay his mortgage when he contacted it on 5 September 2022. Because it didn't, he'd incurred an additional two days' worth of interest and been caused unnecessary inconvenience and frustration.
- TMW did cause a delay in relation to the address change up to October 2022, when it asked him to verify his address. After that, Mr S then hadn't done what TMW explained he needed to do for the address change to go through. In relation to the call in February 2023 that was terminated, lenders are required to have security processes and the Investigator didn't think TMW had acted unfairly.
- TMW should pay an additional £50 on top of the £150 it had already offered in relation to things we could look at, to reflect the distress and inconvenience caused by its errors.

- It would not be reasonable to say that TMW is responsible for the difference between the amount the property was originally marketed at and the offer Mr S later accepted, for a lower figure.

Both parties disagreed with the outcome. TMW said it didn't think it had caused a delay between 5 and 7 September 2022, because its agent had given Mr S the phone number for the mortgage servicing team on 5 September 2022. So he could've redeemed the mortgage sooner.

In summary, Mr S disagreed on the following grounds:

- TMW already had his correspondence address when he redeemed his mortgage and had sent lots of correspondence, including sensitive information (including mortgage statements and complaints correspondence) to that address.
- None of the correspondence received before 28 February 2023 asking him to update his address mentioned this was to do with sending the Title Deeds and associated correspondence.
- The delay in receiving the details of the restrictive covenant insurance to be able to pass on to the buyer did directly impact the amount offered on the property.

After looking into things further, the Investigator issued revised findings. In summary, they said that TMW ought to have checked Mr S's residential address during the call on 7 September 2022, but hadn't done this. And that it was then responsible for delays until December 2022, not October 2022 as set out in the previous findings. The Investigator said their other findings remained unchanged, other than that they thought TMW should increase the compensation payment by another £50, so up to a total of £250.

TMW agreed with this and said it had already paid £150 of the compensation. Mr S disagreed and so the complaint has been passed to me to decide. Both parties were given the opportunity to make any final representations. In summary, Mr S raised the following points:

- The compensation TMW offered before the complaint was referred to the Financial Ombudsman Service wasn't in relation to the address issue. As such, the £250 suggested by the Investigator should be in addition to the compensation TMW had already paid.
- It wouldn't be fair for TMW to take tax off of the compensation payable, because he had already paid tax on the income used to pay the interest that we've said TMW needs to refund.
- The Investigator had said that he would be given the opportunity to provide further information about the impact of the delay in the Title Deeds and associated correspondence being sent. But they then said there was no point in him providing such information and evidence.

Mr C also raised concerns about the service he'd been provided. These concerns were investigated by another Ombudsman Manager, and subsequently our Customer Complaints Team, and are completely separate to the dispute between Mr S and TMW. I won't address the service elements within this 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.

Having done so, I've reached the same overall outcome as the Investigator and for broadly the same reasons. I realise this will come as a disappointment to Mr S, but hope my explanation helps him to understand why I've reached this conclusion.

Before I explain why, I want to set out the purpose of my role. It isn't to address every single point that's been made to date. Instead, it's to decide what's fair and reasonable given the circumstances of this complaint. And for that reason, I'm only going to refer to what I think are the most salient points when I set out my conclusions and my reasons for reaching them. But, having considered all of the submissions from both sides in full, I will continue to keep in mind all of the points that have been made, insofar as they relate to this complaint.

Before setting out my thoughts on the merits of this complaint, I can confirm that I'm in agreement with the Investigator's view on the elements of the complaint that fall within and outside the jurisdiction of the Financial Ombudsman Service. I note both Mr S and TMW also accepted this, so I won't address the jurisdiction points further within my decision. This means there are the following fundamental issues I need to decide:

- The extent to which TMW delayed Mr S repaying his mortgage.
- The extent to which TMW caused delays in sending him the Title Deeds and associated documentation and the impact of this, including whether TMW caused a financial loss in relation to the sale of the property.

I'll address each of these in turn.

TMW delaying Mr S repaying the mortgage

Notwithstanding that TMW eventually accepted the Investigator's findings on this point, I confirm I'm in agreement that TMW's actions during the phone call on 5 September 2022 did cause a delay in Mr S redeeming his mortgage.

Whilst TMW's agent gave Mr S contact details that he could use to try to redeem the mortgage, the agent had told Mr S it wouldn't be possible to redeem his mortgage on that same day. The agent said that TMW would need to look into the complaint Mr S had raised before the mortgage could be redeemed and that this might take some time.

This was incorrect and if things had gone as they should on that call in terms of Mr S's request to redeem the mortgage, I think it's more likely than not that he would've redeemed the mortgage that day. I say this because he did so two days later when given the correct information and therefore the opportunity to do this.

Delays caused by TMW in sending Mr S the Title Deeds and associated correspondence

Mr S has emphasised the point that after redeeming the mortgage he received correspondence from TMW about his complaints and other things to his correspondence address. And thus he doesn't understand why TMW wouldn't also send the Title Deeds and associated correspondence to that same address.

I understand Mr S's viewpoint on this. However, I don't think there's anything inherently wrong or unfair about TMW drawing a distinction between different types of correspondence in the way that it did.

TMW initially said it hadn't made any errors or caused any delay regarding the sending of the Title Deeds and associated correspondence. I disagree with this. During the call on 7 September 2022, Mr S asked for documentation following the redemption of the mortgage to be sent by e-mail and gave his e-mail address. First, TMW ought to have considered it likely (if not known for sure) that at least some correspondence would need to be sent by post. Given the issues that Mr S had raised about not receiving mortgage correspondence, TMW's agent ought to have sought to resolve the issue then and there. But this didn't happen.

TMW e-mailed Mr S in early October asking him to confirm his address which he did by e-mail reply. However, his residential address wasn't updated, because TMW's process (for security reasons) was that such an address change could only be completed over the phone or by letter. TMW didn't contact Mr S again until December 2022, when it sent an e-mail to say it was having difficulty updating his address and that he should call or write in order for his address to get updated. TMW also set this out in a letter sent to Mr S in January 2023.

I consider this means that after not resolving the address issue straight away at the point the mortgage was redeemed, TMW did cause a delay in Mr S receiving his Title Deeds and associated correspondence from that point until December 2022.

After receiving the e-mail in December 2022, Mr S had a telephone conversation with TMW later the same day. In this conversation, Mr S mentioned the e-mail but said he didn't need to update his address, because the mortgage had ended and he wouldn't be receiving any further statements.

Mr S has made the point that neither the e-mail in December 2022 nor the letter in January 2023 mentioned the Title Deeds and associated correspondence that hadn't been sent to him. Mr S says he didn't think he needed to call or send a letter to update his address, because he had been receiving correspondence, including in relation to the complaints he'd raised, to the address he was living at. I understand this point, but at the same time Mr S would have been aware that he hadn't received the Title Deeds and associated correspondence that he says were significant in terms of the sale of his property and TMW was telling him there was some kind of issue relating to his address.

Bearing this in mind, I cannot reasonably hold TMW responsible for delays in Mr S receiving the Title Deeds and associated correspondence after he'd received the e-mail in December 2022 as he'd been told what he needed to do to update his address, but didn't do this.

TWM next rang Mr S towards the end of February to try to resolve the address issue. I can appreciate it would've been frustrating for Mr S to have been told in a subsequent call that he'd failed security. And that the approach taken would've seemed rigid. But lenders are entitled to have security processes to protect customers' information and so whilst I can understand this will have been frustrating for Mr S, I can't say this represents an error.

Mr S's residential address was changed following a subsequent call and the Title Deeds and associated correspondence sent to him in early April 2023. I consider that the timescales applying here don't represent an unreasonable delay.

Did the delays caused by TMW lead to Mr S suffering a financial loss?

Mr S has said that the delay in TMW sending him the Title Deeds and associated

correspondence caused him to lose a significant amount in terms of the offer he eventually received and accepted when selling the property.

He says the potentially interested buyers wanted to see the details of the restrictive covenant insurance before making an offer. And that, by the time TMW sent this to him, the market had changed such that the amount offered was a lot lower than what it would've been.

I've thought about this, but don't agree that TMW is responsible for any financial loss here. Mr S hasn't provided any evidence to support what he's said about the significance of having the actual documentation. And whilst he's expressed concern about the messaging from the Investigator around the need for him to provide this evidence, I'm satisfied he has since had the opportunity to provide further evidence on this if he wanted to.

In any case, I haven't seen that Mr S was chasing TMW for the relevant documents between redemption in September 2022 until at least the end of February 2023. This is significant – because it calls into question the significance of Mr S being in receipt of the documentation, in terms of any negotiations that were taking place in relation to the purchase of the property – for the period where I consider TMW was at fault.

I've also thought about the fact that numerous variables affect the amount a buyer is willing to offer on a property. It is difficult for someone to be able to show that one particular factor or variable in isolation can be said to be the dominant factor in terms of the amount someone is or was willing to pay for a property.

Bearing these points in mind, I cannot reasonably conclude that TMW's errors have caused Mr S to suffer a particular financial loss in relation to the sale of his property.

Putting things right

Financial loss relating to the mortgage redemption

Because TMW didn't facilitate Mr S redeeming the mortgage on 5 September 2022, he paid an unnecessary additional two days' worth of interest. TMW should refund this amount of interest plus 8% simple interest per annum from the date Mr S paid this interest up to the date of settlement. If TMW considers that it's required by HM Revenue & Customs to take off income tax from that interest, it should tell Mr S how much it's taken off. It should also give him a certificate showing this if he asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate.

Mr S has raised concerns about income tax being deducted from interest. However, to be clear income tax should not be deducted from the interest he paid on his mortgage that is to be refunded – the deduction of income tax (if TMW considers this is required) would only be in relation to the 8% simple interest on top, in other words the 'interest on interest'. If Mr S would like further information about this, he can find information on our website at <https://www.financial-ombudsman.org.uk/consumers/expect/tax>.

An award for distress and inconvenience

I consider that TMW must pay Mr S a total of £250 to reflect the distress and inconvenience caused to him by its errors.

Deciding an award for distress and inconvenience is not an exact science. I consider that £250 is in line with our approach to compensation awards and a fair amount to reflect what's happened here. In particular, that Mr S shouldn't have needed to call TMW twice to redeem his mortgage and that if it had taken steps to sort out his residential address at the point the mortgage was redeemed, Mr S wouldn't have needed to have engaged with the e-mails sent in October and December 2022.

I appreciate Mr S has said that the £150 already offered by TMW should be considered separate such that he should be awarded another £250 on top of what he's already been offered and paid. However, I've needed to think about and decide what level of compensation *in total* is appropriate to reflect the errors TMW has made. And I believe that a compensation payment of £250 in total is appropriate here.

TMW has said it has already paid £150 in compensation. Assuming this to be the case, it needs to pay another £100 to Mr S.

My final decision

My final decision is that I uphold Mr S's complaint about The Mortgage Works (UK) Plc and I direct it to do what I've set out above under 'Putting things right'.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 02 July 2024.

Ben Brewer
Ombudsman