

## **The complaint**

Mr D complains that Lloyds Bank PLC allowed the other party to his joint mortgage to redeem it without his consent.

## **What happened**

Mr D and a third party had a joint mortgage with Lloyds. The relationship between them had broken down and Mr D told Lloyds there was a dispute between them. He says he was told that Lloyds would make sure that no changes could be made to the mortgage without his agreement.

The other party paid off the mortgage. Mr D complained. He said that he had told Lloyds about the dispute. He said it should not have accepted payment. He said that meant he had lost contract of the property and lost out on around £15,500 as his share of the equity. He wants Lloyds to compensate him for this amount.

Lloyds said it had given Mr D misleading information. It had put a dispute marker on the mortgage, meaning that no changes could be made without the consent of both parties. That was correct. But it had also said that the account could not be closed without the consent of both parties – that wasn't correct, because either party could pay off the full mortgage balance at any time. It offered £300 compensation for the distress caused.

Our investigator thought that was a fair offer. Mr D didn't agree, and asked for his complaint to be reviewed by an ombudsman. He said he had relied on what Lloyds had told him, and been caused loss as a result.

## **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.

It's not in dispute that Lloyds made an error here. When parties to a joint mortgage are in dispute, it can put a stop on changes to the account – such as removing either borrower, changing the term or changing the interest rate – but it can't stop either party choosing to pay the mortgage off in full.

Lloyds should have made that clear to Mr D – but it didn't. It told him, wrongly, that a dispute marker would prevent the mortgage being paid off.

However, it's important to note that the mortgage is not the same as ownership of the property. This property was in joint names. Repaying the mortgage wouldn't change that. It just removes Lloyds' charge from the property, but makes no difference to the ownership.

The only way the ownership of the property could change is if Mr D and the other party separately agreed to change the ownership and then both signed a transfer document to change the ownership recorded at the Land Registry. Lloyds has no involvement in that process.

Mr D says he relied on what Lloyds told him, to his detriment. He lost a £15,500 share in the property – which the other party had agreed to pay to buy him out – as a result. But I don't think that's a consequence of what Lloyds did. Mr D was represented by solicitors in the negotiations with the other party. The solicitors would have understood that there was no connection between the mortgage and ownership of the property.

If Mr D agreed that he would surrender his share of the property in return for a payment from the other party, whether or not the mortgage is outstanding makes no difference to that.

If, as Mr D seems to be suggesting, he signed a document transferring ownership of the property before receiving payment – in the expectation that it couldn't go through while the mortgage was outstanding, and in the expectation that Lloyds wouldn't allow the mortgage to be paid off – then I don't think it would be fair and reasonable to require Lloyds to pay him the £15,500 he says he now can't recover from the other party.

Lloyds should have given him the correct information about the mortgage. But it can't advise him about the ownership of the property. Whether or not there is a mortgage in place, ownership can only be transferred with Mr D's agreement. The arrangements for transferring the property, and for Mr D receiving payment in return, are between Mr D and the third party. Mr D was represented in those negotiations, so if they haven't turned out as expected, that's a matter Mr D will need to take up with his solicitors.

For those reasons, I don't think it would be fair to require Lloyds to pay Mr D £15,500, or otherwise compensate him for his share of the property. Lloyds has offered to pay £300 compensation for the upset of learning that it had given him incorrect information. I think that's fair.

### **My final decision**

My final decision is that Lloyds Bank PLC has made a fair and reasonable offer to settle this complaint. It should pay £300 to Mr D if he now decides to accept the offer.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 7 January 2025.

Simon Pugh  
**Ombudsman**