

The complaint

Mr L and Mrs L complain that Vida Bank Limited trading as Vida Homeloans offered them a mortgage despite a problem with the property title.

What happened

Mr L and Mrs L took out a mortgage with Vida in 2021. The mortgage fell into arrears from late 2023. Vida started action for possession.

Mr L marketed the property for sale. A sale fell through in early 2025 when the buyer's solicitor discovered a problem with the property title.

Vida said it wasn't aware of the problem with the title and relied on the certificate of title from the solicitor. Vida said the mortgage remained enforceable. It said it would adjourn a court hearing if Mr L provided evidence of a sale and income and expenditure information so that it could consider a suitable payment arrangement while the sale progressed.

Our investigator said Vida wasn't responsible for the problem with the property title or the mortgage falling into arrears. He said Vida received a clean certificate of title, but would still have offered to lend if it had known about the problem with the title. That's because an indemnity policy was already in place. Our investigator said it was fair for Vida to say it would adjourn a court hearing if Mr L and Mrs L provided evidence a sale was in process and provided information to agree a payment arrangement.

Mr and Mrs L didn't agree. Mr L said the complaint isn't primarily about how Vida dealt with the arrears or repossession. It's about whether the mortgage should have been offered in the first place.

Mr L said funds were provided on the basis of a defective certificate of title. Vida didn't know in 2021 that the property developer had arranged indemnity insurance. Mr L said Vida didn't fulfil its responsibility to ensure the property had good and marketable title or that suitable indemnity insurance was in place.

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.

I'm sorry to disappoint Mr L and Mrs L, but I'm not upholding their complaint. That's because I don't think Vida made an error or treated them unfairly.

Should Vida have offered the mortgage?

When Vida offered the mortgage it didn't know there was a problem with the title. Vida doesn't conduct searches or contact the Land Registry itself. It relies on a solicitor to do this.

Vida says it received a clean certificate of title from the acting solicitors. When the solicitors wrote to Mr L in February 2025 they confirmed they hadn't raised the title issue with Vida in

2021.

Vida says there's nothing in the valuation report to alert it to a possible problem with the property title. I don't think Vida was – or ought reasonably to have been - aware of the problem with the title when it agreed to lend.

In any case, Vida says it would still have offered the mortgage if it had known about the problem with the title. That's because the property developer had put an indemnity in place. So the property met Vida's lending criteria.

Taking all of this into account, I can't fairly say that Vida made an error or treated Mr L and Mrs L unfairly when it offered the mortgage, while unaware of the problem with the property title. It follows that I don't think it's fair and reasonable to require Vida to take steps to put the problem right (such as liaising with the solicitors, restructuring the mortgage or holding recovery action), or pay compensation for not doing so.

Continuation of recovery action

By late January 2025 Mr L and Mrs L's mortgage had arrears of about £25,000. The amount of the arrears had been increasing from late 2023. Vida took legal action because of the mortgage arrears, not because of any problem with the property title.

Vida agreed to hold action while a proposed sale of the property completed. The problem with the title resulted in the sale falling through in late January 2025. I can understand Mr L and Mrs L were concerned that this could cause problems with a future sale.

The solicitors that acted when Mr L and Mrs L bought the property accepted responsibility for the oversight in 2021. They wrote to Mr L and Mrs L in mid-February 2025 to explain the situation, including that the developer had arranged an indemnity policy for the site, and that a further indemnity policy could be put in place for their individual property. The solicitors offered to discuss how to manage the sale with the estate agents. I think this ought to have reassured Mr L and Mrs L that a sale of the property could progress successfully.

I've considered whether Vida ought to have paused recovery action while the issue with the property title was sorted out. It became clear within a short period that an indemnity was in place which would allow a sale of the property to proceed. Mr L told Accord in mid-February 2025 they had a new buyer. The mortgage arrears were continuing to increase.

Vida said it would adjourn a hearing scheduled for early March 2025 if Mr L and Mrs L provided evidence of the proposed sale of the property and completed a budget planner with the aim of agreeing a payment arrangement. I think this was fair in the circumstances.

I understand that the property has been sold and the mortgage has been repaid. I don't think it's fair and reasonable to require Vida to take further steps regarding this complaint.

My final decision

My decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs L and Mr L to accept or reject my decision before 9 December 2025.

Ruth Stevenson
Ombudsman