

## **The complaint**

Mr and Mrs H said they had asked Nationwide Building Society to hold onto the unregistered deeds for their home, for safekeeping. But when they recently asked for those deeds back, Nationwide didn't have them. They want Nationwide to cover the resulting costs.

## **What happened**

Mr and Mrs H contacted us because they said Nationwide had lost the deeds for their home. Its key to this complaint, that Mr and Mrs H previously held two Nationwide mortgages. One on the property which was their home and the other on a property at first occupied by a family member, and later used as a rental property.

Mr and Mrs H said they had paid off both these mortgages some time ago, aside from a nominal balance of £1 on each mortgage, and left the deeds with Nationwide for safekeeping. Then in early 2018, they sold their rental property. But they still lived in their home, so they had never needed those deeds. They told us they thought these remained with Nationwide for safekeeping. They had only realised these deeds had actually gone astray recently, when carrying out some financial planning involving their home.

Mr and Mrs H said the property wasn't registered, so the loss of these deeds had a significant impact on them. It would cost well over £1,000 to reconstitute the documents.

Mr and Mrs H have said they don't know what happened to the deeds to their home. They said some correspondence about the deeds to their home had been sent to the rental property, saying the deeds could be collected from a local branch of Nationwide. They thought that was because Nationwide was ending its deeds safekeeping service around the same time that they were selling the rental property. They sent us this correspondence, which dated from early 2018. They said Nationwide had also said more recently that in early 2018 it had sent the deeds for their home to a solicitor who was working for them in the sale of their rental property.

Mr and Mrs H said they didn't know where the deeds actually went, but wherever they were sent, Mr and Mrs H said Nationwide was responsible for keeping them safe, and it didn't do that. It had issued the deeds to their home, to someone or somewhere, when it should not have done so. Mr and Mrs H thought the loss of the deeds was Nationwide's fault. They wanted Nationwide to pay for the recreation of their deeds.

Nationwide said it thought a solicitor working for Mr and Mrs H had requested the deeds for both their mortgages at around the same time, in March 2018. It said it had sent the deeds for their rental property to the branch near where Mr and Mrs H lived, so the solicitor acting for them in their sale could collect these. And the deeds for their home had been requested by the same solicitor, in March 2018. Nationwide said those deeds were sent to that solicitor, and the mortgage on their home was redeemed on 27 March 2018.

Nationwide said that was the last it had heard of the deeds for Mr and Mrs H's home. It had forwarded them to a solicitor, in response to that solicitor's request, and if they had been lost since then, that wasn't its fault.

Unhelpfully, Nationwide had also said that issuing the deeds for their home, to the solicitor who was acting for them in the sale of their rental property, was a mistake on its part. But Nationwide then looked again, and said it could see this solicitor had actually requested the deeds for their home. So it thought it had just acted on this request.

Our investigator didn't think this complaint should be upheld at first, because she thought Mr and Mrs H's solicitor had requested the deeds to their home, and those deeds had been sent there.

Mr H wrote to disagree, saying that the solicitor who acted for him and Mrs H in the sale of the rental property only ever carried out that sale for them. This person had been engaged to act in the sale because they were local to the property being sold, but Mr H said he had his own solicitor, closer to where he and Mrs H actually live, who did any other legal work for him. So he said Nationwide should never have issued deeds to their home to the person who was selling the rental property for them. Mr H sent us the invoice he received at the time, so he could show that he hadn't asked the solicitor carrying out the sale of the rental property, also to redeem the mortgage on his home.

Our investigator spoke to Mr H, then asked Nationwide some more questions. And following this, she changed her mind. She said Mr H had shown us that the solicitor working on the sale of the property only carried out that sale for Mr and Mrs H, and no other legal work. So there wasn't any evidence that this solicitor had also intended to redeem the mortgage on their home, or that Mr and Mrs H had asked this solicitor to do that work too.

Our investigator said, in line with this, the invoice Mr H had sent us for the legal work done in March 2018 showed one charge of £1 was paid to redeem a mortgage. Although Nationwide had used this to redeem the mortgage for Mr and Mrs H's home (separately writing off the debt of £1 for the rental property) it seemed likely that this single payment was actually intended to redeem the mortgage on the rental property that they were selling at the time.

Our investigator noted Nationwide had said the same solicitor asked for redemption information for Mr and Mrs H's home, as well as for the rental property. But the deeds for their home which were issued by Nationwide were recorded as on loan. So she said Nationwide should have chased the return of the deeds, but it couldn't show it had done that.

Our investigator thought that meant Nationwide hadn't discharged its duty to keep the deeds safe. She thought Nationwide should cover the costs of reconstituting the deeds, and pay £100 in compensation to Mr and Mrs H.

Mr and Mrs H accepted that, but Nationwide did not. It said it had sent the deeds of the rental property to the branch for collection in March 2018. Nationwide said it had written off the debt of only £1 outstanding for the rental property's mortgage. Nationwide also said it had sent the deeds for Mr and Mrs H's home to their solicitors, in response to a request for these, on 28 February 2018. It then received a cheque for £1, to pay off this mortgage, and so it wouldn't have expected the deeds to this property to be returned, because the underlying mortgage had been paid off.

Our investigator didn't change her mind, she then said she thought Nationwide could only show that it had sent a redemption statement for Mr and Mrs H's home to the solicitor in 2018, not that it had also sent the deeds there. She said there were a number of points which suggested this solicitor had only ever asked to redeem the mortgage on the rental property.

Nationwide disagreed, and asked for this case to be reviewed by an ombudsman.

Separately, Mr H told us that even now, Nationwide apparently still held the rental property address as a correspondence address for his home mortgage, even though it knew that isn't where they live because he has other accounts with Nationwide. He thought this was further evidence of errors on Nationwide's part. And he said he had now paid £1 377 to have the deeds reconstituted.

Because no agreement was reached, this case then came to me for a final decision. And I then reached my provisional decision on this case.

### **My provisional decision**

I issued a provisional decision on this complaint and explained why I did propose to uphold it. This is what I said then:

I can see there's been a range of speculation here about what has or has not happened, so I'd like to set out my understanding of that here.

At the start of 2018, Mr and Mrs H owned two properties. One was their home, the other was a property in a different town, which was by then being rented out to tenants.

Mr and Mrs H didn't have the deeds for these properties. They had asked Nationwide to keep them safe. At the time Nationwide did this by keeping the mortgages open on properties it held the deeds for, with a notional £1 debt on its ledgers.

So Nationwide had two mortgages for Mr and Mrs H —

- their home (mortgage number ending 0011) and
- the rental property (mortgage number ending 5018).

If Mr and Mrs H wanted either set of deeds back, they only had to pay £1 to pay off either of the mortgages, and Nationwide would give back the relevant deeds.

In 2018, Mr and Mrs H wanted to sell the rental property. Mr and Mrs H say the deeds to their home were lost, at around this time. They have said they don't know whether these were sent to the rental property, by mistake, or they were sent to the solicitors acting in the sale of the property, or indeed somewhere else entirely. But Mr and Mrs H have said that wherever these deeds ended up, they shouldn't have been there, they were lost instead of being kept safe by Nationwide, and this is Nationwide's fault.

The deeds to Mr and Mrs H's home weren't registered. So those are valuable documents, and Mr and Mrs H want Nationwide to pay the costs that they have since incurred, to reconstruct the deeds.

Part of the reason why Mr and Mrs H think there has been some confusion on Nationwide's part, is that they say Nationwide sent correspondence about the deeds to their home, to the rental property. They've shown us this correspondence, which is dated 12 March 2018. But that carries an account number ending in 5018. And I've checked this against the original application made by Mr and Mrs H for a mortgage on their rental property. The number ending 5018 is the account number assigned at the time of their application, to the mortgage for their rental property. So I don't think this letter alone helps us to know what happened to the deeds for Mr and Mrs H's home, covered by mortgage account number ending 0011.

But I do think that if we look at a number of items of correspondence from around this time, then there is some suggestion as to what has gone wrong here. We have a few documents from March 2018, dealing with Mr and Mrs H's deeds.

Nationwide has shown us a letter dated 9 March 2018, which was sent to the rental property. It says deeds for the property covered by account ending 5018 are included with the letter, and Mr and Mrs H should take them to their solicitor. So this says Nationwide sent the rental property deeds to the rental property itself.

Nationwide has also shown us a letter dated 12 March 2018, which says deeds for the property covered by account ending 5018 are ready to collect at the branch local to their home.

Nationwide has sought to explain this by saying the deeds for the rental property, at first sent to that property, were returned to Nationwide, then issued out to the branch. It does seem somewhat unlikely that the rental property deeds were posted on 9 March 2018, which was a Friday, delivery was then attempted, failed, the documents were returned to Nationwide, received, processed and reissued out to the branch with a carefully crafted cover note and matching correspondence sent to Mr and Mrs H, all by the following Monday, 12 March.

Nationwide has also shown us that covering note, an internal memo dated 12 March 2018, which carries the number ending 5018, for the rental property. The memo is addressed to the branch local to Mr and Mrs H's home, and it says they have been asked to collect the deeds. importantly, this memo notes the deeds are unregistered, so the branch must be very careful in dealing with them.

But we do know when the rental property was purchased by Mr and Mrs H, and it would be quite unlikely that such a recent purchase resulted in unregistered deeds naming Mr and Mrs H as the new owners. I also note that Mr and Mrs H say their solicitor didn't request deeds for the sale of their rental property, she simply downloaded the required information from the Land Register at the time. And that's consistent with the invoice I've seen, dated 28 March 2018. The invoice includes a cost for Land Register downloads, which would suggest this sale was not done on the basis of unregistered deeds.

For all those reasons, I don't think the deeds for the rental property were unregistered deeds. I think this mention of unregistered deeds in that internal memo, is a sign of a mistake made by Nationwide.

I think Nationwide had issued the deeds for the rental property to that property on Friday 9 March 2018, with the letter of that date. (It seems most likely that Mr and Mrs H didn't ever get these, but they've said they didn't need them for the sale).

And I think that on the next working day, Monday 12 March, Nationwide sent the unregistered deeds for Mr and Mrs H's home, to their local branch, with the memo of that date. I think its most likely Nationwide made a mistake, and put the wrong account number on the memo about their unregistered deeds to their home. I'll set out why I think that.

I know Nationwide says it sent the deeds for Mr and Mrs H's home to their solicitor, after a request at the end of February 2018. It says its systems record this. But it also says it issued the rental property deeds in response to a request only a couple of days before. And it looks like the rental property deeds didn't go anywhere until a couple of weeks later, in early March, when someone put those deeds into an envelope and sent them to

Mr and Mrs H's rental property. So, although the release of the rental property deeds is noted in late February, they didn't leave Nationwide until early March.

Around the same time, someone who was presumably looking at a set of unregistered deeds, and was alive to the particular need for caution when dealing with such documents, put those deeds into an envelope to send to a branch, and carefully wrote out a covering memo saying the recipient must ask Mr and Mrs H for ID before allowing them to collect such a valuable document.

So, we have an internal memo making a clear reference to unregistered deeds. And it appears extremely unlikely that the deeds sent with that memo really were the registered deeds, for the rental property, previously been posted out to the property on a Friday, returned and reissued by the following Monday. It does seem likely that there was a mix-up over which deeds were being sent where, at Nationwide's end of the transaction.

So I do think it's most likely that, although the internal memo dated 12 March 2018 carries the account number of the rental property, the deeds enclosed with it were actually the unregistered deeds to Mr and Mrs H's home. And, if it were necessary to add further support to this argument, I would note there are also other examples of Nationwide making the same mistake, using the account number for the rental property when it is in fact referring to the mortgage on Mr and Mrs H's home, elsewhere in the evidence that I have seen for this case.

Mr H said he got a letter at the time telling him these deeds had been sent to the branch, so he went to the branch at the time, and was told this letter was about the rental property deeds, which had been sent to his solicitor. If the branch told Mr H this, I think that's likely to have been for the same reasons that Nationwide is saying this now — because the records on its systems seem to suggest that. But, for the reasons set out above, I don't think that fits with the letters and memos we have from the time, and I think those are more likely to provide the best guide as to what happened here.

I don't know whether Mr and Mrs H's solicitors ever actually requested the deeds for their home, or for the rental property, or where the deeds to Mr and Mrs H's home finally ended up. But Nationwide had the deeds for Mr and Mrs H's home for safekeeping, and it does seem to have made a mistake, putting those in an envelope sending them to a branch but issuing correspondence, both to the branch and to Mr H, which referred to the other set of deeds. And I think it's this mistake which means we cannot now trace where the deeds to Mr and Mrs H's home ended up. Because of that, I think Nationwide should pay for the work to reinstate those deeds.

Mr and Mrs H say that, given the pressing need to complete financial planning which could not be done without their deeds, they have now paid themselves to have these deeds recreated. I think this was a prudent decision on their part, and I note it was taken without any clear reassurance that this money would eventually be refunded to them. They've shown us they paid £1 377 for that. I think Nationwide should pay them that sum now, plus £500 in compensation, to make up both for the original mistake, and the length of time it has taken to sort this out. I think that would provide a fair and reasonable outcome to this complaint.

I invited the parties to make any final points, if they wanted, before issuing my final decision. Both sides replied.

## **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 replied, to say he would like to accept my provisional decision, but he wanted to make some comments. Mr H said it was Nationwide's idea for it to retain his deeds, not his. He set out the date when each of the two properties was purchased, and said that both purchases happened before electronic registration of deeds, so he didn't think my explanation could be right.

Mr H thought it was more likely that what had gone wrong here was because Nationwide had chosen to return all the deeds it held for safekeeping, at the same time as they were selling one of their properties. He said Nationwide got the two addresses muddled up in this process.

Mr H said whatever had happened, we could agree that Nationwide had sent the deeds to their home to the wrong location, and he wanted to accept my proposal as a way of bringing this complaint to an end.

I can see that in an email to Nationwide, dated 10 October 2024, Mr H said the solicitors who sold the rental property never had paper deeds for that property. He quoted them as saying they had simply downloaded the electronic title sheet from the Land Register. And that fits with the solicitor's invoice which I have seen.

So I still think the sale of Mr H's rental property did go ahead without any need for paper deeds, and importantly, that the rental property was registered before it was sold. And that means the mention of "*unregistered deeds*" in Nationwide's internal memo of 12 March 2018, is very unlikely to have been with reference to the deeds of the rental property. I still think only Mr H's home was unregistered, and it was those deeds sent with this memo.

Nationwide said it had already provided information that deeds for Mr H's home were sent to Mr H's solicitors on loan, and weren't then returned because redemption had taken place. Nationwide said it had nothing further to add, and it wanted me to review my decision in light of the information provided.

Nationwide has not shifted its position from before my provisional decision was written, and I considered all of the arguments and available evidence before me in reaching that decision. I have now reviewed that, and although I do appreciate that nothing here is beyond doubt, I haven't changed my mind. For the reasons set out in my provisional decision, I still think my proposal provides a fair and reasonable outcome to this complaint.

I'll now make the decision I originally proposed.

## **My final decision**

My final decision is that Nationwide Building Society must pay Mr and Mrs H the sum of £1,377 which they have paid to reconstitute their lost deeds, plus £500 in compensation.

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

Esther Absalom-Gough

**Ombudsman**