

## **The complaint**

Ms G and Mr S complain that a solicitor instructed by HSBC UK Bank Plc caused delays with their house purchase and failed to register their property title correctly. They say this caused distress and financial loss. They ask for compensation and for the property title to be corrected.

## **What happened**

HSBC issued a mortgage offer in July 2024. The offer was due to expire on 28 January 2025.

Ms G and Mr S say the firm of solicitors instructed by HSBC (who I'll refer to as T) caused delays which meant they couldn't exchange contracts until mid-January 2025. They say T delayed completion as it didn't transfer the mortgage funds in time. Mr S and Ms G say as well as the distress this caused, they incurred additional removal costs (about £250) and additional legal fees (about £385).

Ms G and Mr S said HSBC didn't explain the delays, apologise for overcharged legal fees or explain a deduction of £999 from the completion funds.

The property Ms G and Mr S were buying had both a freehold and leasehold title which they wanted to merge. Ms G and Mr S say T failed to merge the property titles and altered the mortgage deed after they signed it, to reflect the separate titles. They say this made the access indemnity policy they paid for superfluous.

HSBC accepted there had been some errors and offered £250 compensation for the concern and inconvenience this caused. Ms G and Mr S brought the complaint to us.

We told Ms G and Mr S that we can't look into their complaint that HSBC's solicitor didn't undertake the legal work to merge the freehold and leasehold titles. That's legal work and not part of arranging a regulated mortgage, so it doesn't fall within our jurisdiction.

I sent a provisional decision to the parties to explain why I intended to uphold parts of Ms G and Mr S's complaint. In summary, I said:

- While HSBC and T caused delays, I couldn't fairly find this was the only reason Ms G and Mr S didn't exchange contracts until mid-January 2025.
- Completion day was stressful for Ms G and Mr S. However, HSBC transferred funds on the completion date. It wasn't fair to require it to compensate Ms G and Mr S for additional removal costs when this didn't result from an error by HSBC or T.
- T shouldn't have amended the title numbers in the original signed mortgage deed without first contacting Ms G and Mr S or their solicitor. This would have alerted Ms G and Mr S to the fact that the titles wouldn't merge on completion. I thought they'd still go ahead with completion on that basis. But they'd have been able to cancel the indemnity policy, which they only needed if the titles were merged.

I said HSBC should compensate Ms G and Mr S for the cost of the indemnity policy (which

they lost the opportunity to cancel due to T's error) and pay compensation of £450 for the inconvenience and upset caused by the delays and errors.

Ms G and Mr S agreed.

HSBC didn't agree. It said any work or queries regarding the merger of the titles should have been dealt with by Ms G and Mr S's solicitor. It said Ms G and Mr S should pay for the costs of the indemnity policy as it was only required for the title merger. HSBC said it wasn't fair to require it to pay compensation for omissions or assumptions made by Ms G and Mr S's solicitor.

### **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.

There are three main parts to Ms G and Mrs S's complaint. First, the delays prior to exchange. Second, the problems on completion. And third, the alteration of the mortgage deed after they signed it.

#### *The delays caused by HSBC and T*

HSBC issued a mortgage offer in mid-2024. In August 2024 the broker asked for it to be extended due to concerns about delays with the legal process. HSBC issued a new offer valid to 29 December 2024.

In July 2024 the solicitor instructed by HSBC told it that Ms G and Mr S would be separately represented. It told HSBC this again at the end of September 2024. This solicitor isn't on HSBC's panel when there's dual representation.

I think there was a delay in HSBC instructing a new solicitor, given it had been made aware that Ms G and Mr S would be separately represented in July 2024. T was instructed and sent the relevant documents to T in early November 2024.

In early December 2024 the broker asked for the mortgage offer to be extended due to concerns about delays with the legal process. HSBC extended the mortgage offer to 28 January 2025. It said no further extension would be agreed.

Ms G and Mr S say their solicitor had to chase T throughout. The limited available evidence supports what Ms G and Mr S say. HSBC received a message from their broker in late November 2024 saying they'd been chasing T for a response. T raised potential issues with HSBC on 10 December 2024. HSBC confirmed the same day that it was happy to proceed. Ms G and Mr S say T didn't pass this onto their solicitor until 2 January 2025, despite numerous requests for an update.

We asked Ms G and Mrs S why they didn't exchange contracts before 14 January 2025, if everything else was in place and they were only waiting for confirmation from T. Mr S said their solicitor was away until 6 January 2025. Their solicitor then had to organise the chain (five separate parties) and 14 January 2025 was the earliest date possible.

I think there were avoidable delays by HSBC and T in late 2024. That doesn't mean contracts would otherwise have been exchanged earlier. HSBC confirmed to Ms G and Mr S's broker in mid-December 2024 that it had told T it was happy to proceed. So they – and their solicitor – could have done the necessary work to prepare for exchange. If all of the parties in the chain were ready to exchange in December 2024 it's unclear to me why they

were unable to do so earlier in January 2025. HSBC wasn't responsible for Ms G and Mr S's solicitor being away until 6 January 2025.

I can't fairly find, based on the available evidence, that the only reason exchange couldn't happen before 14 January 2025 was because of errors or delays by T or HSBC. In the circumstances, I can't fairly require HSBC to compensate Ms G and Mr S for the additional legal fees charged by their solicitor for the short gap between exchange and completion.

#### *Problems at completion*

T's staff members dealing with the mortgage left T on 23 January 2025, the day before completion. Ms G and Mr S were unable to get in contact with the staff member they were told was now dealing with the matter. They say they called a number of solicitors at T before finding someone to help them. T didn't agree that no-one could be contacted. On balance, I think it's likely Ms G and Mr S did have difficulty getting in contact with someone at T who could assure them it was dealing with completion.

The completion funds arrived with the vendor just before 5pm. Ms G and Mr S say this was too late for them to move in that day and they had to pay an extra charge to the removal company. Ms G and Mr S say T sent too much money to the vendor and overcharged its own fees.

HSBC says funds were released before the cut-off time for completion. It said there's no guarantee funds will arrive by a particular time. I understand Ms G and Mr S's frustration. But I can't fairly require HSBC to compensate them for additional removal costs when this didn't result from an error by HSBC or T.

T transferred too much money to the vendor and overcharged Ms G and Mr S. The vendor returned the additional funds and T refunded the overcharged fees. So Ms G and Mr S are not out of pocket.

There's no doubt that completion day was stressful for Ms G and Mr S. Regardless of whether someone at T was dealing with the matter, they didn't know that until later in the day. The errors with the completion funds added to the upset. I think it's right that HSBC offered compensation.

#### *Alteration of the mortgage deed after Ms G and Mr S signed it*

Ms G and Mr S say that HSBC's solicitors didn't undertake the work to merge the freehold and leasehold titles, which they say T had agreed with their solicitor. We've explained that we can't consider whether T made an error when it didn't do this work. That's a separate conveyancing matter and not part of arranging the mortgage. We can consider Ms G and Mr S's complaint that T altered the mortgage deed after they signed it, as the preparation and execution of the mortgage deed and its submission to the Land Registry is part of the mortgage process.

In response to my provisional decision, HSBC said (in summary) it was for Ms G and Mr S's solicitor to undertake the work needed to merge the titles and make T aware that was what Ms G and Mr S wanted. HSBC said it's not responsible for any omissions or assumptions made by Ms G and Mr S's solicitor. I can only say again that I'm not looking into Ms G and Mr S's complaint that HSBC's solicitors didn't undertake the work to merge the freehold and leasehold titles. I'm only looking into their complaint that T altered the mortgage deed after they signed it, without their knowledge or consent.

Ms G and Mr S's solicitor said they prepared the mortgage deed with a single title number on

the assumption the leasehold and the freehold titles would be merged on completion. There's no dispute that T changed the original mortgage deed, after it had been signed by Ms G and Mr S, to include the second title number.

Mr S provided a copy of their solicitor's cover letter showing that the original mortgage deed was posted to T on 14 January 2025. A copy was also sent by email the same day.

Although T had received the signed mortgage deed in advance of completion, it's not clear when T noticed it contained a single title number and this therefore didn't match the two title numbers for the security property. T says it added the second title number to the mortgage deed on the assumption a title number was missed off, so that it could register the charge.

I think T ought to have contacted Ms G and Mr S's solicitors, to ask it to provide a mortgage deed signed by Ms G and Mr S that reflected the property titles. Had it done so, the matter regarding the merger of the property titles would have come to light before completion.

Mr S said they wouldn't have agreed to the mortgage deed being amended to reflect the two title numbers. However Mr S and Ms G had exchanged contracts and needed the mortgage funds for completion. HSBC offered the mortgage loan on the basis it would have a first charge on the property. I think it's unlikely it would have agreed to lend without a charge on the actual property titles. I don't know if, in the time available, it would have been possible to complete the steps necessary to merge the titles, given that T had to provide a certificate of title in time for funds to be transferred for completion on 24 January 2025. Taking this into account, I think Mr S and Ms G would likely have agreed to the mortgage deed being amended to include the two property titles so that completion could go ahead.

Ms G and Mr S took out access insurance. Their solicitor explained why this was required:

"I confirm that the Access Indemnity Policy was only required because the Freehold and Leasehold Titles were to be merged. The Freehold Title confers no rights of way; only the Leasehold Title (which would disappear upon merger) conferred such rights."

Ms G and Mr S paid for the access indemnity policy on 20 January 2025, with the policy to commence at completion.

HSBC said it's for Ms G and Mr S to bear the cost of the indemnity policy. There's no suggestion that Ms G and Mr S didn't expect to pay for the policy. The point here is that they didn't need or get any benefit from the policy if the titles were not merged. Ms G and Mr S had 14 days (from the later of the policy commencement or the date they received a copy of the policy) to cancel the policy. Assuming they received the policy documents before completion, they had until 7 February 2025 to cancel the policy.

I think if T had contacted Mr S and Ms G's solicitor when it received the signed mortgage deed and saw it only included one title number, Ms G and Mr S would have had time to cancel the access indemnity policy (or even not take it out at all). I think they'd have cancelled the policy rather than pay for a policy that they didn't need and didn't benefit from.

From the available evidence it seems Ms G and Mr S were not aware that the titles hadn't been merged until after the deadline to cancel the policy. Mr S and Ms G confirmed that they hadn't cancelled the policy or received a refund of the fee.

I think HSBC should compensate Ms G and Mr S for the fee they paid (£283) for the access indemnity policy. That's because, due to the error by HSBC's solicitor (amending the signed mortgage deed without first contacting Ms G and Mr S or their solicitor) they lost the

opportunity to cancel the policy and receive a refund.

Our investigator said HSBC should pay £200 for the upset caused when Ms G and Mr S discovered T had altered the mortgage deed. This was in addition to HSBC's offer of £250 for the inconvenience and upset caused by them having to chase T over several weeks and the confusion and errors on completion.

Ms G and Mr S didn't initially feel this reflected the seriousness of the matter, although they did agree with my provisional decision. This service isn't a regulator and we don't have the power to regulate or punish businesses for their conduct. Our role is to resolve disputes fairly, quickly and with minimal formality, and to reach a decision about what's fair and reasonable in the circumstances of the complaint. What I'm considering here is the impact on Mr S and Ms G of HSBC's errors.

I think compensation for the cost of the access indemnity policy (£283) and £450 for the inconvenience and upset caused by HSBC's errors is fair and reasonable in the circumstances.

### **My final decision**

Subject to any further comments and evidence I receive, I intend to order HSBC UK Bank Plc to pay £733 to Ms G and Mr S. It can deduct any compensation it's already paid.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms G and Mr S to accept or reject my decision before 13 March 2026.

Ruth Stevenson  
**Ombudsman**