

## **complaint**

Mr and Mrs R have complained about fees and charges added to their secured loan account by GE Money Secured Loans Limited ("GE Money").

## **background**

Mr and Mrs R have a secured loan with GE Money. They are unhappy about fees and charges added to the account.

Our adjudicator explained that we couldn't consider any events that took place before 1 April 2014. That's because Mr and Mrs R's loan is unregulated. This type of loan wasn't covered by us before that date.

The adjudicator asked GE Money to refund arrears fees applied to the account on 30 January, 2 March, 30 March, 30 May and 30 June 2015 – a total of £200. She also asked GE Money to reimburse legal fees added to the account totalling £14,217. These had been added between 14 April and 23 December 2014.

On 6 November, I issued a provisional decision, in which I said the following:

I'm satisfied that I can't consider a complaint about fees and charges added to the account before 1 April 2014. This type of loan wasn't covered by the ombudsman service until after that date.

I think it's fair for GE Money to repay the five arrears fees detailed above, totalling £200.

As far as legal fees are concerned, these were added to the account after 1 April 2014. But in order to consider whether GE Money has acted fairly in adding the legal fees of £14,217, I need to look at how those fees arose. So the background to this involves me looking at what happened before 1 April 2014.

After Mr and Mrs R fell into arrears, GE Money decided to take possession action. The title deeds were sent to their solicitors. The solicitors noticed that the legal charge was registered against one title number. But there was a second title number in relation to land which also formed part of the security.

For reasons that aren't clear, in 2001 when the loan was taken out, this second title wasn't included in the secured property. GE Money entered a notice against this title at the Land Registry, protecting its security.

Mr and Mrs R were asked to sign the documents necessary to rectify this with the Land Registry. But it seems they challenged the notice. There were protracted negotiations and legal proceedings which resulted in an order made by consent in the Property Chamber, Land Registration First-Tier Tribunal in late 2014. The legal costs have been added to the account in accordance with the mortgage terms and conditions.

In all the circumstances, I don't think GE Money acted unfairly in adding the legal costs to the mortgage account. It was entitled to do so under the mortgage conditions. I'm also satisfied the costs were reasonably incurred. If Mr and Mrs R had

signed the documents to rectify the register when they were first asked, there would have been no need for the legal proceedings – or the costs - that followed.

My provisional decision was that GE Money should refund the fees of £200, but not the legal fees.

GE Money had no further points to make in response to my provisional decision.

Mr and Mrs R disagreed with my provisional decision. They consider GE Money has acted unfairly with regard to charges. They don't understand how the loan has increased by so much from the original amount.

Mr and Mrs R also say they are paying what the court had agreed – and that this agreement was conditional on GE Money not adding any charges to the account. Mr and Mrs R also complain they are being harassed by GE Money for repayment of the loan.

Although Mr and Mrs R said they would be writing to us again with more evidence, they've not done so.

### **my findings**

I've reconsidered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

I'm still satisfied we can't consider any fees and charges added to the account before 1 April 2014. In the circumstances, I'm not persuaded GE Money is required to refund anything other than the £200 in fees added on 30 January, 2 March, 30 March, 30 May and 30 June 2015.

Mr and Mrs R had offered, through their Shelter representative, to pay £500 per month off the arrears. This was not a payment of £500 in total – they are still required to pay the monthly mortgage instalment as well. If Mr and Mrs R are unclear about this, they will need to go back to court or to their Shelter representative.

I've seen no evidence to persuade me that GE Money isn't entitled to recover its legal fees from Mr and Mrs R. The terms and conditions of the mortgage allow GE Money to do this. The majority of the legal costs relate to the steps GE Money had to take to register its title. As I said in my provisional decision, if Mr and Mrs R had co-operated from the start and signed the documents they needed to sign, the legal costs would have been far less.

I appreciate Mr and Mrs R are in financial difficulty. If they need advice about this, I'd suggest they talk to Shelter again, or to StepChange or the Money Advice Service.

### **my final decision**

My decision is that I uphold this complaint in part. In settlement I order GE Money Secured Loans Limited to pay £200 in respect of a refund of mortgage arrears fees added to the account on 30 January, 2 March, 30 March, 30 May and 30 June 2015.

I don't uphold the complaint about legal fees added to the account.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr and Mrs R to accept or reject my decision before 11 January 2016.

Jan O'Leary  
**ombudsman**