

The complaint

Mr C complains that Lloyds Bank PLC (trading as Cheltenham and Gloucester) registered a charge on land that wasn't part of the security property. He asks that the charge is removed and for compensation.

What happened

Mr C took out a mortgage with Lloyds in 2007. He owns a nearby piece of land under a separate property title number. As it seems this is used for parking, I'll refer to it as the parking land. Mr C says this land isn't part of the security property. He contacted Lloyds in 2010 to ask it to remove its charge, which Lloyds agreed to do.

Mr C's mortgage fell into arrears and Lloyds took possession of the security property. Mr C says it again registered a charge on the parking land and added legal fees to the mortgage account for doing this. Mr C asks for compensation for the worry and upset this has caused him over many years. He asked that Lloyds compensates him for fees paid to an asset manager in 2010 regarding the removal of the charge (about £5,000).

Our investigator said we can't look into Mr C's complaint what happened in 2010 as this had been brought to us outside our time limits. And we can't look into the decision made by a court to grant Lloyds possession of the security property. Our investigator said we can consider Mr C's complaint about Lloyds replacing the charge on the parking land in 2019. The complaint proceeded on this basis.

Our investigator said it was unfair for Lloyds to record a charge on the parking land when it had previously agreed that it wasn't part of the security. Our investigator said Lloyds' offer (to remove the charge and related legal fees and pay £750 for the upset caused) was fair.

Mr C didn't agree. He says Lloyds was trying to obtain the land and gain from selling it. He said Lloyds had been "gaslighting" him over many years that it owned the land and this had affected his mental health. He said Lloyds threatened to make him sign over the land by force.

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.

Where the evidence is incomplete, inconclusive or contradictory, I reach my decision on the balance of probabilities – in other words, what I consider is most likely to have happened in light of the available evidence and the wider circumstances.

Mr C took out a mortgage with Lloyds in 2007. Lloyds included a nearby piece of land owned by Mr C in its charge. Lloyds agreed to remove its charge from this land in 2010.

Mr C's mortgage fell into arrears and Lloyds started action for possession. In late 2018 it noticed a discrepancy, in that the legal charge included two title numbers but the charge was

only recorded on one title number at the land registry. Lloyds thought the charge had been removed from the parking land by mistake. It recorded a notice on the title in March 2019 of a right to rectify the register. And it recorded a charge on the title in July 2022.

Mr C complained to Lloyds in mid-December 2022. He said Lloyds acted unreasonably and unlawfully over 15 years in an attempt to obtain property by deception, as evidenced by its letters. Mr C said he was put under repeated pressure to sign over the land.

Lloyds agreed that it made an error. It said it would remove the charge from the title at the Land Registry. It said it would remove any related legal charges from the mortgage account and adjust interest accordingly. And it paid £750 compensation. Lloyds said the land wasn't included in the property being sold at auction. Lloyds also offered to pay Mr C's legal fees if he provided an invoice.

I think this was a fair and reasonable offer to put matters right.

Mr C says there's been a relentless campaign by Lloyds since 2016 to regain the title. He said Lloyds and its solicitors made threats over a period spanning 2020 to 2022 to send someone to force him to sign over the land. He said he lived in fear and the breakdown in communications led to the property being repossessed. He said this impacted his credit file and affected his physical and mental health.

Mr C's mortgage was in arrears for some time. Lloyds sent letters about this and took recovery action. A court granted Lloyds possession of the security property. That must have been upsetting. But I don't think this related to the additional piece of land. I think Lloyds took recovery action because of the arrears on the account. The arrears came about because Mr C didn't maintain his mortgage payments.

I don't think it's fair to say that the arrears were due to a breakdown in communications caused by Lloyds correspondence regarding the parking land. Mr C's mortgage was in arrears in 2017. Lloyds wasn't able to contact with Mr C and it sent a field agent to the security property in 2017. However, the agent was only able to speak to neighbours, who confirmed a tenant was living at the property and didn't have an address for Mr C. This was before late 2018, when Lloyds records suggest it noticed the charge wasn't recorded on the title for the parking land.

Lloyds' solicitors did write to Mr C about the charge. Mr C provided screenshots of parts of two letters, one sent in November 2019 and another in February 2022. In effect, the letters said the charge was removed in error and asked that Mr C sign a supplemental deed. The later letter said as Mr C hadn't responded, an agent would visit with the deed who would also be able to verify Mr C's identity and witness his signature.

I can understand Mr C's frustration about the letters. But (based on the parts I can see) I don't think the tone of the letters was threatening.

I've considered everything Mr C has said. Lloyds accepted it made an error when it re-instated its charge on the parking land. This caused upset and inconvenience to Mr C. But having considered the evidence carefully, I think Lloyds' offer to put matters right is fair and reasonable in the circumstances.

Lloyds sent evidence to us that its charge is no longer recorded on the title to the parking land at the Land Registry. It confirmed the legal fees were not applied to Mr C's mortgage account. And it sent records to show the compensation had been paid to Mr C.

My final decision

My decision is that I do not uphold this complaint. That's because I think the compensation paid and steps taken by Lloyds Bank PLC to put matters right are fair and reasonable in the circumstances.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 19 January 2024.

Ruth Stevenson
Ombudsman