

The complaint

Mr and Mrs S complain that Al Rayan Bank PLC (Al Rayan) did not advise them that their Home Purchase Plan (HPP) had been paid in full or what the next steps were to transfer the property into their names.

What happened

Mr and Mrs S took out a Home Purchase Plan agreement with Al Rayan in 2018. This involved Al Rayan purchasing the property and then Mr and Mrs S making monthly payments to Al Rayan. After a specified time, Mr and Mrs S would then have the property transferred into their name and be the sole owners.

Mr and Mrs S made the final monthly payment to Al Rayan in August 2022. On 7 September 2022, Al Rayan emailed Mr S to confirm the final payment had been received and legal title of the property could now be transferred to them. It attached a letter outlining the next steps which included Mr and Mrs S paying £240 for Al Rayan's solicitors' costs to transfer the title to Mr and Mrs S's names. The letter said it recommended Mr and Mrs S also instruct their own solicitors to ensure the deeds were correctly lodged with HM Land Registry.

Mr S said he didn't receive the email from Al Rayan in September 2022. Mr S contacted Al Rayan in July 2023 and Al Rayan forwarded the email from September 2022 advising the HPP had been paid in full and explaining what the next steps were. Mr and Mrs S confirmed to Al Rayan on 10 July 2023 they had paid the £240 solicitors' costs and had instructed their own solicitors.

Mr and Mrs S complained to Al Rayan that it hadn't made further attempts to contact them about transferring the deed to their names after it sent the first email in September 2022.

Al Rayan upheld the complaint in August 2023. It was satisfied that its email in September 2022 was sent to Mr S's registered email address, but it agreed that it should have done more to contact Mr and Mrs S to ensure the transfer of title was completed. It refunded the £240 cost of its solicitors to Mr and Mrs S as compensation.

Mr and Mrs S referred the complaint to our Service as they thought Al Rayan should do more to put things right. They said they had needed to pay higher solicitor costs than they would have done if the title was transferred the year before. They were also concerned that if they had passed away then Al Rayan would have been the sole owners of the property.

One of our Investigators looked into this complaint. He thought Al Rayan had done enough to put things right. Mr and Mrs S didn't accept this. So, the complaint was passed to me to make a decision.

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've reviewed the Home Purchase Plan agreement Mr and Mrs S agreed to in 2018. The HPP agreement says that Al Rayan will take the legal title of the property into its name until the monthly repayments have been completed, at which point Al Rayan would transfer the legal title of the property back to Mr and Mrs S.

On the completion of the monthly payments, I'd expect Al Rayan to start the process of transferring the legal title of the property back to Mr and Mrs S as agreed. The HPP agreement makes it clear that Mr and Mrs S will be responsible for the full costs of Al Rayan's solicitors. So, I think Al Rayan acted reasonably by emailing Mr S after the final payment was made to advise the legal title could now be transferred and request the £240 payable to cover its legal costs as agreed. The letter said on receipt of this fee, Al Rayan will instruct its solicitors to arrange the transfer.

Al Rayan sent this email to the same email address Mr S has used for other correspondence. It is unfortunate Mr S didn't receive this email. But I don't think this was caused by Al Rayan's error.

However, when Al Rayan didn't receive any response from Mr and Mrs S, I would have expected it to take further action. Al Rayan has recognised it didn't do enough here, and it should have attempted to contact Mr and Mrs S again to ensure the process of transferring the title to Mr and Mrs S could be started. It wasn't reasonable for Al Rayan to not attempt to contact Mr and Mrs S again for the ten months that followed and to keep the title in its name until Mr and Mrs S contacted it. I agree Al Rayan didn't act fairly here and needed to take action to put things right.

But the HPP agreement was also Mr and Mrs S's responsibility. I expect they would have known when their final payment was made to Al Rayan and when they didn't receive any correspondence about the title transfer following this, I think it would have been reasonable for them to contact Al Rayan. The mortgage offer clearly set out how the mortgage worked and what would happen when the term reached an end. I appreciate Mr and Mrs S did contact Al Rayan ten months later, but I think action could have been taken sooner to get things back on track and minimise the impact to them.

Al Rayan have paid Mr and Mrs S £240 as a refund of its solicitor's costs to transfer the title. I've seen from its internal correspondence that it has prioritised the process of transferring the title. I think this was reasonable of Al Rayan.

Mr and Mrs S would like further compensation as they say their solicitor's costs would have increased from what they would have paid the year before. I've thought about this carefully and I'm sorry to disappoint Mr and Mrs S, but I think Al Rayan has done enough to put things right for its part in the delays to the title transfer. Whilst this would've caused upset to Mr and Mrs S, the amount is fair in the circumstances.

It's possible that Mr and Mrs S' solicitor's costs have increased since the previous year. But, as I've said, they also had some responsibility to ensure the property was transferred to their name. Had Al Rayan contacted them sooner, they also would've had to pay the £240 for Al Rayan's solicitors. So, I think this is fair compensation in the circumstances. I won't be asking Al Rayan to do anything further.

I appreciate Mr and Mrs S are concerned about what would have happened if they had both passed away during this time. While I empathise with Mr and Mrs S's concerns, I need to look at what the actual impact of the error was on their situation and not what could have happened.

My final decision

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S and Mrs S to accept or reject my decision before 2 May 2024.

Rob Deadman
Ombudsman