

The complaint

Mr and Mrs S' complaint is about the administration of a second charge secured loan they had with Lender A. They have said that delay by Target Servicing Limited in removing the charge on the property title when the loan was repaid, meant the interest rate product they were able to obtain on their new mortgage was higher than it otherwise would have been. In settlement of the complaint Mr and Mrs S want to be compensated for the increased interest they will have to pay over the 20-year term of their new mortgage.

Target Servicing Limited administered the loan on behalf of lender A, which is not regulated to do so in its own right.

What happened

Mr and Mrs S took out their secured loan with Lender G in 2007. It was arranged on a repayment basis with a variable interest rate, over a term of 15 years. The loan fell into arrears at the end of 2009. In 2014 Mr and Mrs S appear to have started making payments each month to reduce the arrears, but the arrears balance remained over £10,000 when the loan was transferred to lender A in 2016. Lender A appointed Target to administer the loan. Mr and Mrs S made higher payments at times to reduce the arrears thereafter.

Mr and Mrs S paid off their loan on 9 February 2022. Target instructed its solicitors to remove the charge at that time, but this was not done.

Mr and Mrs S made Target aware the charge hadn't been removed early in September 2022. In addition to the removal of the charge, to compensate for the delay, they asked Target to remove any adverse information it had recorded on their credit files. As Mr and Mrs S expressed dissatisfaction with the service they received from Target, it treated the matter as a complaint, as it is required to do by the Regulator.

Target responded to the complaint in a letter of 24 October 2022. It confirmed that a charge would usually be removed within 28 days of the account being closed and acknowledged the mistake it had made with Mr and Mrs S' account. It offered them £80 compensation for the inconvenience and upset the delay may have caused them. It declined to remove the information it had reported to credit reference agencies as compensation, as it had correctly been reported. The legal charge was removed by the Land Registry on 18 October 2022.

Mr and Mrs S were not satisfied with Target's response and they referred the complaint to this service.

When we informed Target that the complaint had been referred, it confirmed the offer it had made was still available to Mr and Mrs S. It also highlighted that they had not provided evidence that the delay in them being able to remortgage was due to the charge remaining on the property title. As such, it could not be held responsible for the cost of the mortgage Mr and Mrs S managed to obtain.

One of our Investigators considered the complaint. He asked Mr and Mrs S for additional evidence to support their claim for financial loss, but they didn't provide what had been

asked for. As such, he didn't recommend the complaint be upheld, as he considered the offer for inconvenience was reasonable in the circumstances.

Mr and Mrs S didn't accept the investigator's conclusions. They disputed that the charge didn't affect the mortgage application. In addition, they said the Investigator's comments about the arrears on the account were wrong – the information reported had been incorrect as they had cleared the arrears in 2014. They said that their credit ratings were average, and the charge not being removed on time had an additional impact on their mortgage application.

In addition, Mr and Mrs S provided an email chain between them and their broker discussing the charges on their property – there were two further charges, as well as Lender A's. The emails set out that the mortgage application could not progress until all of the charges were removed or Mr and Mrs S provided the new lender with evidence from their creditors that they were being removed. The broker highlighted to them that the Lender A charge was still on the property title on 14 July 2022. All three charges were removed from the property title on 18 October 2022.

Our Investigator considered the additional information provided, but he was not persuaded to change his conclusions. Given there were other charges on the property title, which weren't removed until the same day as the Lender A one, he didn't think that Mr and Mrs S would have been in a different position had the Lender A one been removed when it should have been.

Mr and Mrs S continued to disagree with the Investigator's conclusions. They indicated that the two additional charges didn't affect their application and it was just the charge from Lender A that had. They also said they felt the amount of the offer from Target for its administration of the matter was 'a further slap in the face' and showed its contempt toward them.

Again, our Investigator was not persuaded to change his conclusions. As agreement could not be reached, it was decided the complaint should be referred to an Ombudsman for consideration.

The complaint was passed to me, and having reviewed the file in full, I asked Mr and Mrs S for some additional information about the arrangement of their new mortgage and about the removal of the two further charges against the property title. The information request, and subsequent chaser, sent by our Investigator was addressed to an email account that Mr and Mrs S had corresponded with us from. No response was received.

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.

In order to uphold a complaint we need to be satisfied that a financial business did something wrong. Then to be able to award redress, we would need evidence that the mistake made was the direct cause of a financial loss. Compensation for upset and inconvenience could be made without such evidence where a mistake has clearly been made, but again in order to decide the amount of any compensation, we would need evidence of the impact of the mistake.

In this case I don't need to decide if Target made a mistake as it has already accepted that it did. Target has already corrected the mistake, in that it has had the charge removed. So I now need to decide if there is anything more it needs to do to ensure Mr and Mrs S haven't

been disadvantaged by the mistake it made.

Mr and Mrs S have told us that their mortgage application was delayed because of Lender A's charge. Due to the delay, Mr and Mrs S have said the interest rate product attached to the new mortgage was for a higher rate than they otherwise would have been able to obtain. Mr and Mrs S were asked for, and declined to provide, information that would enable us to establish if there had been any delays in the mortgage application. Nor did they provide any evidence that the charge having not been removed before it was, had caused any problems with their mortgage application or caused them any financial loss. Nor has any evidence of any inconvenience beyond having to contact Target to ask for the charge to be removed been provided. In light of this, the offer of compensation made by Target would appear to be reasonable in the circumstances.

Mr and Mrs S also asked Target to remove adverse information about their mortgage with Lender A from their credit file. Where a lender or administrator reports to credit reference agencies they are required to report accurate information. It would only be in the circumstance that incorrect data had been reported to credit reference agencies that we would require a business to alter or remove that information. I have seen no evidence that is the situation in Mr and Mrs S' case and so Target can't be required to alter what it has reported. That said, if Mr and Mrs S have evidence that Target has recorded incorrect information, they should provide that evidence to Target so that it can determine if it has made an error and if so, correct it.

My final decision

Target Servicing Limited has already made an offer to pay £80 to settle this complaint and I think this offer is fair in all the circumstances. As such, my decision is that Target Servicing Limited should pay Mr and Mrs S £80.

Under the rules of the Financial Ombudsman Service, I am required to ask Mr and Mrs S to accept or reject my decision before 24 October 2023.

Derry Baxter
Ombudsman