

## **The complaint**

Mr and Mrs S complain that Lloyds Bank PLC (Lloyds) has lost the title deeds to their property.

## **What happened**

Mr and Mrs S say that they took out a mortgage with Cheltenham and Gloucester (C&G – now a subsidiary of Lloyds) in 1983 and the original title deeds to their property were held by C&G. Mr and Mrs S say that the mortgage was transferred to Lloyds in October 2007 and the deeds were then transferred to a Lloyds branch in Warrington, where Mr and Mrs S viewed them around that time along with accompanying documentation.

Mr and Mrs S say that they recently asked Lloyds to see the deeds due to a land issue, which they felt the deeds would have assisted with. However, Lloyds has advised that it does not have the deeds. Mr and Mrs S are concerned about this as they say these are important historic documents. They also say that the deeds were their property and Lloyds was only holding them temporarily whilst providing the mortgage, therefore it did not have the right to dispose of the documents.

Lloyds says that, historically, mortgage lenders were required to retain the title deeds for the property as security for the lending. However, since 13 October 2003, the charge has been added electronically to the title at the Land Registry. It is therefore no longer required to keep paper records of the title deeds for properties on which it lends a mortgage.

Lloyds says that, as the mortgage was taken out after this date, it didn't require the deeds to be held as security for the lending. It has checked its records and says that it never held Mr and Mrs S's title deeds. Lloyds has also checked Mr and Mrs S's mortgage application and confirmed that the mortgage was taken out with C&G on 21 April 2004 and that it was with a different lender (unconnected to Lloyds) prior to this. It says that the deeds would have been returned to Mr and Mrs S by the solicitor dealing with the house purchase at that time.

Lloyds has acknowledged that Mr and Mrs S have said that they viewed the deeds at the Lloyds Warrington branch. In respect of this, it says that, although it has never held the deeds in relation to the mortgage, it may be that they are being held at the branch as part of its Safe Custody service. It says that this service is not linked to the mortgage and is an agreement between the customer and the branch. It has advised Mr and Mrs S to speak with the branch and ask it to check its records. If the original deeds are not there, Lloyds has advised that the Land Registry can provide a copy of the information held within them.

Mr and Mrs S have checked with the Lloyds branch and the staff advised that they had limited access to historic information and could not help. They say that they want Lloyds to apologise for losing the documents and that they will not make their mortgage payments until Lloyds provides the original deeds.

Our investigator looked into Mr and Mrs S's case and did not uphold their complaint. She found that, at the time Mr and Mrs S took out their mortgage with C&G, it was no longer necessary for lenders to hold paper copies of the title deeds to register a legal charge, so on the information available she thought it was unlikely that C&G would have held these. There was also insufficient evidence to support that the documents were held by Lloyds as part of a Safe Custody service. Therefore, the investigator couldn't say that Lloyds had lost the title deeds.

Mr and Mrs S disagree with this, so the case has come to me to make a decision. They maintain that C&G transferred the deeds to Lloyds and that they viewed them in branch. This branch then closed and Mr and Mrs S say that the deeds were transferred to a different branch and could have been lost by Lloyds during the move.

### **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.

Having looked at the evidence I agree with the investigator's view for broadly the same reasons and I've explained my reasons further below.

Firstly, I note that Mr and Mrs S have said that they took out their mortgage with C&G in 1983, and that it was subsequently transferred to Lloyds in 2007. However, I have looked at the C&G mortgage application form completed by Mr and Mrs S in March 2004. This shows that, whilst Mr and Mrs S had lived in the property since 1983, the mortgage on the property from 1995 up until the time of the application was with another lender. The documents which I have seen satisfy me that, prior to 2004, Mr and Mrs S's mortgage was with another lender, unrelated to Lloyds. So there would be no reason why Lloyds (or C&G) would have had the title deeds to Mr and Mrs S's property prior to 2004 and it is likely that they would have been retained by the previous lender up until then.

I've gone on to consider what happened with the deeds when Mr and Mrs S re-mortgaged with C&G in 2004. By the time of the re-mortgage, it was no longer a requirement that the lender retain the deeds as the charge was added to the title electronically at the Land Registry. Lloyds has said that it did not require the deeds or request them from the legal representative.

I have also seen the checklist completed by the solicitor dealing with the re-mortgage to C&G in 2004. This sets out that completion has taken place and states "*in accordance with your instructions, the Mortgage Deed has been deposited with the Land Registry*". It sets out a list of enclosures (not including the deeds) and states that "*C&G WILL NOT ACCEPT OR HOLD ANY OTHER DOCUMENTS. You should pass these to the borrower(s) (or subsequent mortgagee if appropriate) and recommend that they are kept in a safe place*".

Having reviewed the documentation and circumstances of the re-mortgage in 2004, I can see no reason why Lloyds would have required the deeds at this stage, and I am satisfied on balance that Lloyds never had the original deeds in connection with the mortgage.

Mr and Mrs S maintain that they viewed the deeds in a Lloyds branch. In their letter to Lloyds dated 17 May 2023 they say that they viewed the deeds in the Horsemarket Street branch in Warrington. In their letter to Lloyds dated 18 June 2023, they say that they viewed the deeds at the Bridge Street branch in Warrington, before it relocated to Horsemarket Street. In their response to the investigator's view, Mr and Mrs S have said that they viewed the deeds in the Bridge Street branch and that they were then transferred to the Horsemarket Street branch and so could have been lost by Lloyds during the move.

Lloyds has suggested that Mr and Mrs S may have used the Safe Custody service in branch once their deeds had been returned to them by the previous lender, but Mr and Mrs S have said that the branch is unable to assist with this. I note that this suggestion by Lloyds is simply speculation in response to Mr and Mrs S's assertion that they have viewed the deeds in a Lloyds branch, rather than any confirmation that this is in fact the case. Lloyds has said that the local branch ought to be able to confirm if Mr and Mrs S have a Safe Custody arrangement with it. Mr and Mrs S haven't provided any evidence to show that they entered into a Safe Custody arrangement with any Lloyds branch; they appear to maintain that Lloyds had the deeds in connection with the mortgage.

For the reasons set out above, I am satisfied on balance that neither C&G, nor Lloyds, had the deeds in connection with the re-mortgage in 2004. And there isn't enough evidence for me to find that they were held by a Lloyds branch as part of a Safe Custody service. As any Safe Custody service would be entirely separate to the mortgage and would have to have been arranged separately between Mr and Mrs S and the Lloyds branch, this doesn't change my opinion that Lloyds never held the deeds in relation to the mortgage. It follows that I cannot find that Lloyds has lost the deeds.

I understand that Mr and Mrs S are disappointed that they are unable to locate the original deeds. However, I can't fairly say that Lloyds is responsible for this. Whilst I can appreciate that Mr and Mrs S want the original deeds, all of the information contained within these will be available from the Land Registry, where it is held electronically. The fact that the paper deeds are not available does not affect Mr and Mrs S's ownership of the property.

I note that Mr and Mrs S have said that they will not make any mortgage payments until the deeds are found and Lloyds has confirmed that the mortgage account is now in arrears. Regardless of my decision, the issue relating to the deeds would not affect their legal obligation to make these repayments. Mr and Mrs S should also be aware that missing payments may also have an impact on their credit file.

I know my decision will come as a disappointment to Mr and Mrs S, but I can't say that Lloyds has acted unfairly and I don't uphold this complaint.

### **My final decision**

For the reasons I've explained above, I don't uphold this complaint and don't require Lloyds Bank PLC to do anything further.

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 5 April 2024.

Rachel Ellis  
**Ombudsman**