

## **The complaint**

Mr and Mrs S complain that more 2 life Ltd (“M2L”) didn’t give them the opportunity to port their equity release mortgage.

Mr and Mrs S are represented by Mr T, their mortgage adviser.

## **What happened**

In early March 2022 Mr and Mrs S phoned M2L to discuss the possibility of porting the equity release mortgage. Mr S said he and Mrs S had already sold their house but they wanted to port their mortgage so they had money to pay some debts and furnish their new property amongst other things. M2L said the porting process usually took 12 to 15 weeks as it needed to consider Mr and Mrs S’ circumstances against its lending criteria, and value their property. It also said that porting the mortgage would incur additional fees. Mr S said he was surprised by that – he hadn’t realised it would take so long. The buyer of his property wanted to move in a much shorter timeframe.

During the phone call, the M2L adviser said it would provide Mr and Mrs S with an indicative redemption statement. There’s no dispute that an early repayment charge (ERC) of £0 was set out in the indicative redemption statement sent to Mr and Mrs S. Later an ERC of more than £3,600 was included in the final redemption statement sent to Mr and Mrs S.

M2L acknowledged this mistake and offered Mr and Mrs S £500 compensation. Mr and Mrs S didn’t think that was enough to resolve their complaint so they complained to the Financial Ombudsman Service. They say that as a result of M2L saying they couldn’t port their existing mortgage they were forced to repay it on completion of the property sale and enter into a new equity release mortgage with M2L at a higher interest rate after they moved to their new property.

Our investigator looked into the matter. She thought the £500 compensation offered was fair and reasonable for the mistake about the ERC. She went on to say that there was no guarantee that a porting application would have completed in the short timeframe dictated by the buyer of Mr and Mrs S’ property, and she thought it was unlikely that Mr and Mrs S would’ve been able to complete a porting application given the timeframes involved. However, she still expected M2L to allow Mr and Mrs S to put forward a porting application if they wanted to. So, she recommended that M2L paid them an additional £100 compensation – in other words that it should pay them £600 compensation in total.

M2L agreed to pay Mr and Mrs S £600 compensation in total. However, Mr and Mrs S remained unhappy and asked for their complaint to be reviewed by an ombudsman, so it has been passed to me to decide. Mr T says the total cost to Mr and Mrs S for not being able to port the original mortgage when compared to the new mortgage plus the ERC could total around £35,000 over the assumed mortgage term of 20 years.

## **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 done so, I've reached broadly the same conclusion as our investigator. I'll explain why.

There's no dispute that an ERC of £0 was set out in the indicative redemption statement Mr and Mrs S were sent. So I can understand why they were annoyed when an ERC of more than £3,600 was set out in the final redemption statement.

However, the ERC of more than £3,600 would always have been payable in circumstances when Mr and Mrs S were unable to port their mortgage/when they redeemed their existing equity release mortgage when they sold their property. So I don't think it would be fair and reasonable for me to say that the ERC should be waived as Mr T has suggested.

Mr T has said that Mr S was bluntly told he wouldn't be able to port his existing mortgage with M2L. I don't think that's quite right. I've listened to a recording of the phone call Mr S had with M2L in early March 2022. As set out above, Mr S started the phone call by saying that he'd already sold his property, that all things were moving very quickly. It's clear that Mr S was surprised to hear that it generally took 12-15 weeks for M2L to port a mortgage, and that other options (e.g. redeeming their current equity release mortgage and taking out another) were discussed as it seemed unlikely that Mr and Mrs S would be able to port their mortgage with M2L in the timeframe dictated by the buyer of their property.

I appreciate that the conversation might have made Mr S think that he would be wasting his time putting in a porting application. But that doesn't mean that M2L wouldn't let him try – as Mr T has suggested. The adviser Mr S spoke to said M2L would try to help and said she'd send the porting application form to Mr S by email. I can also understand why Mr S was frustrated that M2L didn't say it would consider a porting application more quickly. However, M2L needed to consider Mr and Mrs S' financial circumstances against its lending criteria, and value their property before agreeing to a porting application. So I can understand why it didn't say that either. I also think it would have been unlikely that Mr and Mrs S would have been able to port their mortgage with M2L in the short timeframe dictated by their buyer even if they'd made a porting application in early March 2022.

M2L agreed to pay Mr and Mrs S £600 compensation in total. I think it's likely that Mr and Mrs S will be disappointed by the outcome of this complaint but for the reasons set out above, M2L doesn't need to do more to resolve it.

### **Putting things right**

To put matters right I think more 2 life Ltd should pay Mr and Mrs S £600 to resolve this complaint.

### **My final decision**

For the reasons set out above, my final decision is that more 2 life Ltd should pay Mr and Mrs S £600 to resolve 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 6 December 2023.

Laura Forster  
**Ombudsman**