

## The complaint

Mr and Mrs T complain that more 2 life Ltd delayed the redemption of his lifetime mortgage. The delay caused the early repayment charge (ERC) to go up.

## What happened

In 2021, Mr and Mrs T arranged a lifetime mortgage with more 2 life. As part of that they were repaying an existing lifetime mortgage with another lender, lender A.

On 6 July 2021, they received a redemption statement from their existing lender with an ERC of £17,665.22. But they said that more 2 life's solicitors lost some paperwork and as a result redemption was delayed. When they repaid the mortgage on 20 August 2021, the ERC had gone up to £21,776.50 – and they had to increase the amount they were borrowing. They want more 2 life to pay them the difference between the initial ERC they were quoted and what they actually paid.

I issued a provisional decision proposing to uphold the complaint subject to any further submissions. My provisional findings, which form part of this decision, were:

*I've looked carefully at what happened here. I agree that there were delays by more 2 life's solicitors. But I don't consider that caused Mr and Mrs T to suffer a financial loss to the extent they claim. I'll explain my reasons why.*

### the 6 July 2021 redemption statement

*I agree with the investigator that more 2 life was not responsible for any of the initial delays. So the ERC figure on the 6 July 2021 redemption statement is not a sound basis on which to assess whether Mr and Mrs T have suffered a financial loss. I can't see that more 2 life or its solicitors were responsible for the fact that Mr and Mrs T weren't able to redeem their previous mortgage using the 6 July figure.*

*Lender A has confirmed that it will honour an ERC for 14 days from the date a redemption statement is issued. It will apply the gilt rate that is in favour of the borrower applied on the date the redemption figure was requested or the day the mortgage was repaid. That is different from my initial understanding that the ERC was calculated using the gilt rate that applied on the day of redemption.*

*Mr and Mrs T were not in a position to complete their remortgage on 6 July 2021 or within 14 days of that. That was not due to any error by more 2 life. So it would not be reasonable to calculate any financial loss by comparing what Mr and Mrs T eventually paid and the redemption figure issued on 6 July 2021.*

### ERC

*The ERC Mr and Mrs T had to pay with the previous lender was based on the FTSE UK Gilts 15 Year Yield index. If the Index fell against a benchmark rate of 2.03% Mr and Mrs T would have to pay an ERC. The nature of the gilts is that the yield can fluctuate significantly over a*

*short period. That is an inherent risk of the previous lifetime mortgage that Mr and Mrs T had. If the mortgage was repaid early, there was always possibility that it might happen during a time when gilt yields were fluctuating.*

*More 2 life is not responsible for the way the ERC on Mr and Mrs T's previous mortgage was calculated. I agree that if there was clear evidence of a delay and that delay meant that Mr and Mrs T lost out, that more 2 life should compensate them for that.*

### Delay

*I've already found that more 2 life was not responsible for the initial delays.*

*The evidence we have shows that paperwork from Mr and Mrs T was received by more 2 life's solicitors on 30 July 2021. It was then mislaid due to an error by the solicitors. I consider that more 2 life's solicitors were carrying out an activity ancillary to lending on behalf of more 2 life and therefore more 2 life is responsible for any acts or omissions in relation to that by the solicitors it instructed to act on its behalf. I note that the solicitors said that more 2 life was responsible for any complaint.*

*We have evidence that on 1 August 2021, Mr and Mrs T's solicitors told more 2 life's solicitors not to go ahead with completion. It was not until 13 August 2021 that they asked more 2 life's solicitors to complete – and they could not do so. More 2 life has said that the solicitor had not specifically asked to complete, but rather were looking to agree a date to complete.*

*The difficulty I have is that even if more 2 life's solicitors had not lost the paperwork, I am not persuaded that Mr and Mrs T would have been in a position to proceed with the mortgage straight away. I say that because, as far as I can see, the mortgage offer they had was based on the amount needed to redeem their existing mortgage on 6 July 2021. On that date the relevant gilt yield was 1.1%. By the earliest point that Mr and Mrs T could have completed, the gilt yield had fallen. So the amount needed to redeem their mortgage would have gone up.*

*Mr and Mrs T had to change the amount they borrowed to accommodate the change in the gilt yield when they did eventually complete. It seems likely that would have been the case if more 2 life were in a position to proceed after 13 August.*

*I think I need to look at what actually happened when the new mortgage did complete to decide what is likely to have happened had there not been any errors by more 2 life's solicitors. They found the lost paperwork on 17 August 2021. But it then took until 20 August 2021 for a revised offer to be issued and for the mortgage to complete. It follows that it is likely that it would have taken a few days to get a revised offer ready. Again the gilt yields changed during that period.*

*So, even if Mr and Mrs T had been in a position to proceed on 13 August 2021 (a Friday) it would have taken a few days to sort things out and get a new mortgage offer in place. But the evidence from lender A shows that Mr and Mrs T could have locked in a new redemption figure for 14 days.*

*I consider that if more 2 life's solicitors had not lost the paperwork, Mr and Mrs T would have known that they needed to obtain a new redemption figure and offer on 13 August 2021. They could have obtained a new redemption figure that day. Lender A would have honoured that for 14 days. The gilt rate on 13 August 2021 was 0.91. That was the most favourable rate for the next 14 days.*

*Lender A has confirmed that the redemption figure on 13 August 2021 would have been £21,218.79. Mr and Mrs T actually paid £21,776.50. So their financial loss is £557.71. I consider in the circumstances it would be fair for more 2 life to refund that, with interest at 8% simple from 20 August 2021 until date of redemption.*

*I consider the existing award of £100 to reflect any distress and inconvenience Mr and Mrs T suffered as a result of this matter is fair and reasonable.*

More 2 life accepted my provisional decision. Mr and Mrs T said they had nothing further to add.

### **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 the absence of any further submissions from more 2 life or Mr and Mrs T, I see no reason to change the outcome I proposed in my provisional decision, as set out above. That is more 2 life was responsible for some delays that caused Mr and Mrs T a financial loss – but not to the extent that Mr and Mrs T believe.

### **My final decision**

My final decision is that more 2 life Ltd should:

- Pay Mr and Mrs T £557.71.
- Pay interest on the above amount at 8% simple per year from 20 August 2021 until date of settlement. If more 2 life considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Mr and Mrs T how much it's taken off. It should also give Mr and Mrs T a tax deduction certificate if they ask for one, so they can reclaim the tax from HM Revenue & Customs if appropriate.
- Pay Mr and Mrs T £100 for any distress and inconvenience.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr T and Mrs T to accept or reject my decision before 22 June 2023.

Ken Rose  
**Ombudsman**