

The complaint

Mr and Mrs A complain that Age Partnership Limited (“Age Partnership”) mishandled their application for a further advance from their equity release mortgage.

What happened

In April 2023 Mr A contacted Age Partnership because they wanted to borrow more money on their equity release mortgage with a business I’ll refer to as “S”. Mr and Mrs A complain that Age Partnership told them they could borrow the extra money they wanted with an interest rate of 4.9%. However, S went on to offer them the money with an interest rate of 5.2% which they accepted. S said the 4.9% interest rate was no longer available by the time they received Mr and Mrs A’s application.

Mr and Mrs A say Age Partnership didn’t do enough to secure the 4.9% interest rate so it should reimburse them for the extra interest they’ll have to pay as a result of the 5.2% interest rate.

Our investigator looked into the matter. He thought Age Partnership was responsible for Mr and Mrs A missing out on the 4.9% interest rate so he set out what he thought Age Partnership should do to put matters right.

Age Partnership asked for the complaint to be reviewed by an ombudsman, so it has been passed to me to decide. It said it genuinely thought Mr and Mrs A were in time to take advantage of the 4.9% interest rate when it submitted their application to S, and that S’ processes were unclear. It said it acted in Mr and Mrs A’s best interests and tried to get S to honour the 4.9% interest rate, but it refused, despite the confusion about its processes.

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 the same conclusion as our investigator. I’ll explain why.

I’ll begin by saying that there’s no dispute that originally Mr and Mrs A were quoted an interest rate of 4.9% on the further borrowing with S, but they were only able to secure an interest rate of 5.2% once their application was made.

S say that’s because Mr and Mrs A’s application was made on 23 May 2022. Its interest rates changed on 17 May 2022. I’ve seen evidence to show that S told Age Partnership about the upcoming changes to their interest rates on 10 May 2022.

Age Partnership doesn’t dispute the fact that it was told that S’ interest rates were changing on 10 May 2022. However it says it thought it had until 24 May 2022 to fully submit applications to take advantage of the old interest rates. It says it thought that was the case because at the time the advice was given S wouldn’t issue a Key Facts Illustration before submission of an application on behalf of a client. S says that wasn’t the case.

I appreciate what Age Partnership has told us and think it's worth saying here I have no reason to disbelieve Age Partnership when it says it genuinely thought it had until 24 May 2022 to submit Mr and Mrs A's application to take advantage of the old interest rates. However, there's no dispute now that it didn't have until 24 May 2022 to do that. I don't think it's fair that Mr and Mrs A should lose out financially as a result of any misunderstanding about S' processes and deadlines.

Age Partnership has said that it doesn't think it's fair that it should be held wholly responsible for the misunderstanding about whether it had until 24 May 2022 to fully submit applications to take advantage of the old interest rates. It thinks S also played a part in that.

I appreciate Age Partnership's position. However, I think Age Partnership should have done more to ensure that Mr and Mrs A got the 4.9% interest rate product that was discussed on 10 May 2022. It has told us that S didn't notify it of the interest rate changes until around 5.30pm on 10 May 2022, so the adviser that spoke to Mr A on that date wasn't aware of the interest rate changes at that meeting. I appreciate that. But the adviser would have been aware that the 4.9% interest rate product was being discontinued shortly after the meeting, and what it would mean for Mr and Mrs A if they missed the deadline and had to accept a higher interest rate. I think the advisor should have gone on to tell Mr and Mrs A that the 4.9% interest rate was about to be discontinued, so that they were aware and could put themselves in a position to take advantage of that interest rate. Given what Mr and Mrs A have said and done after they missed the 4.9% interest rate, I think it's likely that they would have done what they could to secure that interest rate before it was discontinued. So I think Age Partnership was responsible for Mr and Mrs A missing out on 4.9% interest rate.

Age Partnership says it didn't want to rush Mr and Mrs A or put any undue pressure on them. I understand that – it wouldn't have been appropriate for Age Partnership to have gone that far. However, I think that if Mr and Mrs A had been told the 4.9% interest rate was being discontinued, they would have acted differently to ensure that they didn't miss out on that interest rate. I don't think it's fair to say that simply by telling Mr and Mrs A that the interest rate was soon to be discontinued that Age Partnership would have been putting undue pressure on them.

Age Partnership has told us that after the 10 May 2022 meeting, a follow up appointment was made for 17 May 2022 to discuss its adviser's recommendations in more detail. Its records are incomplete but it appears that on 16 May 2022 the meeting was re-arranged for 19 May 2022. A final application was then made on Mr and Mrs A's behalf after this.

It's not clear why the 17 May 2022 meeting was postponed. It might be because Mr and Mrs A needed more time to think about their options as Age Partnership has suggested. Or it might be that Mr and Mrs A thought they had plenty of time in relation to this matter and could prioritise other things. In any case, as I said above, I think it's likely that if Mr and Mrs A had been aware that the 4.9% interest rate was about to be discontinued they would have acted more quickly to take advantage of it.

As I think Age Partnership was responsible for Mr and Mrs A missing out on 4.9% interest rate, I think it needs to put matters right. I'm in no doubt that Mr and Mrs A have lost out financially and also been inconvenienced by this matter. They've said that they've been concerned and annoyed by this matter, and I can see that they have been trying to get it resolved for around a year and a half now. So I think Age Partnership should pay them £400 compensation for the trouble and upset its handling of this matter has caused. I appreciate Age Partnership thinks that's too much, but I think it's a fair and reasonable amount given the time they've been affected by this issue and the impact on them.

I also think Age Partnership needs to ensure that Mr and Mrs A don't lose out financially as a

result of what happened. In other words I think Age Partnership needs to put them back in the position they would have been in if Mr and Mrs A had been able to secure the 4.9% interest rate. Age Partnership has said it could do this by making a lump sum payment of £7,218 towards Mr and Mrs A's equity release mortgage by the end of the second year - on 6 July 2024. It says that would ensure that the total balance at the end of the estimated 21-year period would be £298,772.99. The mortgage illustration that was produced for Mr and Mrs A on 23 May 2023 shows that otherwise the total balance at the end of the estimated 21-year period would be £318, 343.40.

I think that's an appropriate way to ensure that Mr and Mrs A don't lose out financially as a result of what happened.

Putting things right

To put matters right Age Partnership should pay Mr and Mrs A £400 compensation and make a lump sum payment of £7,218 towards their equity release mortgage on 6 July 2024.

My final decision

For the reasons set out above, my decision is that Age Partnership Limited should pay Mr and Mrs A £400 compensation and make a £7,218 lump sum payment towards their equity release mortgage on 6 July 2024.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs A and Mr A to accept or reject my decision before 22 December 2023.

Laura Forster
Ombudsman