

The complaint

This complaint's about mortgage advice Ms M received periodically from a broker firm that represents Quilter Financial Planning Solutions Limited.

The main thrust of the complaint is that Quilter's advisor didn't tell Ms M that changing her monthly repayment date to earlier in the month would save her interest. Ms M believes that she's paid more interest to her lender than she needed to over the years, and is seeking to be reimbursed for what she regards as Quilter's oversight.

What happened

The broad circumstances of this complaint are known to both parties. I'm also aware that the investigator issued a comprehensive response to the complaint, which has been shared with all parties, and so I don't need to repeat all of the details here.

Our decisions are published, and it's important that I don't include any information that might result in Ms M being identified. Instead I'll provide a brief summary and then focus on giving the reasons for my decision. If I don't mention something, it won't be because I've ignored it. It'll be because I didn't think it was material to the outcome of the complaint.

Ms M has held her mortgage since 2013; it's with a lender I'll call H, and until recently, her monthly payment was made on the 28th of each month. In 2015 and 2017 respectively, Ms M took out new interest rate products, arranged with H by Quilter's mortgage advisor. When she took her next interest rate product in 2022, Ms M did so with H directly. The advisor she spoke to this time told her that by paying on the 28th of each month, Ms M was incurring more interest on the mortgage than she would if she paid earlier in the month.

Ms M changed her payment date, and the mortgage payment was reduced. She also complained to Quilter that its advisor should have told her about the significance of the payment date. Quilter thought Ms M had waited too long under the rules that govern this service to raise the complaint. By way of a jurisdiction decision in July 2023, a fellow ombudsman concluded that we could consider the complaint.

One of our investigators then did so, but wasn't persuaded it should be upheld. The evidence was inconclusive on whether Quilter's advisor was involved in arranging the original 2013 mortgage, when the payment date was set. As for 2015 and 2017, the investigator didn't think that challenging the payment date would necessarily form part of the advice being given in connection with an interest rate product transfer.

Ms M asked for the complaint to be reviewed by an ombudsman.

What I've decided – and why

I'll start with some general observations. We're not the regulator of financial businesses, and we don't "police" their internal processes or how they operate generally. That's the job of the Financial Conduct Authority (FCA). We deal with individual disputes between businesses and their customers. In doing that, we don't replicate the work of the courts.

We're impartial, and we don't take either side's instructions on how we investigate a complaint. We conduct our investigations and reach our conclusions without interference from anyone else. But in doing so, we have to work within the rules of the ombudsman service, and the remit those rules give us.

We revisit jurisdiction at every stage of our case-handling process; having done that here, I agree with my ombudsman colleague's decision that this is a complaint we can consider under our rules.

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Where the evidence is incomplete and/or contradictory, I'm required to reach my decision on the basis of what I consider is most likely to have happened, on the balance of probabilities. That's broadly the same test used by the courts in civil cases.

Ms M's mortgage payment date was set when the mortgage started in 2013; the investigator was undecided on whether Quilter's advisor was involved in recommending the mortgage at the outset. The reason for this is that on the mortgage offer, where the option exists to select whether Quilter gave advice or just information so that Ms M could make her own choice, neither box was ticked.

I think the investigator was right to be cautious on this point; however, I don't think the outcome of the complaint turns on whether Quilter gave advice or merely information in 2013. I'll explain why.

I wouldn't expect a third party intermediary to know the intricacies of how each individual lender calculates interest or whether and to what extent this might impact on monthly payments and when the best time is to make the monthly payment. Aside from anything else, it may well be different with each lender. If an applicant specifically asked about this, I think the intermediary could either contact the lender to find out, or invite the applicant to contact the lender directly to find out. However, it's not something I'd expect an intermediary to discuss with an applicant, unprompted, without first being asked.

Ms M has told us she was completely unaware of the relevance of when in the month she pays her mortgage until H's internal advisor did so in 2022. That being the case, it's reasonable to conclude she won't have raised the topic with Quilter's advisor in 2013, 2015 or 2017. Ms M couldn't ask a question if she didn't know there was a question to ask.

I do understand why Ms M feels as strongly as she does that Quilter's advisor should have proactively advised her on the timing of monthly payments. There are two points to keep in mind there, however. Firstly, it doesn't necessarily follow that because one advisor does so, another was obliged to. The other is that the second advisor is employed by H. I think it's reasonable to conclude that he will be aware of the nuances of its specific accounting methodology, in a way that a third party intermediary can't reasonably be expected to be.

I'll make one last observation, largely for completeness. Nothing turns on it as far as the complaint outcome is concerned; but it may help Ms M better understand something. She has attached weight to the fact that when she changed her payment date, H reduced her monthly payment. She sees this as evidence to support her argument that paying earlier in the month reduces the interest being charged.

Paying earlier in the month *does* reduce the interest being charged; that much is true, at least as far as H is concerned, but that isn't the reason Ms M's monthly instalment fell after she changed the payment date.

Lenders don't always automatically change the monthly instalment when the interest rate changes; more typically, they'll review the monthly payment annually, at statement time, to take account of all of the changes that have happened in the year, including rises or falls in interest rates, and the fall in the outstanding balance due to repayment of capital.

But occasionally, there will be other triggers, and this will vary from lender to lender. We've checked with H, and one thing that triggers a review of the monthly instalment amount is if that payment date is altered.

My final decision

I don't uphold this complaint. My final decision concludes this service's consideration of this complaint, which means I'll not be engaging in any further discussion of the merits of it.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms M to accept or reject my decision before 11 March 2024.

Jeff Parrington
Ombudsman