

The complaint

Mr B complains that HUB Financial Solutions Limited mis-sold him a lifetime mortgage. He says HUB didn't discuss alternatives with him, and it didn't properly assess his circumstances or explain the mortgage terms. He says he has ended up with an unsuitable mortgage as a result.

What happened

Mr B approached HUB for advice in April 2023. He was planning to move house to a less remote area, and wanted to fund the move. He was selling his home for £213,000 and buying a new-build property for £225,000.

HUB recommended that Mr B take out a lifetime mortgage with initial borrowing of £21,000 and a facility of a further £31,875 which he could draw on later if he needed it. The mortgage it recommended was an 'Interest Serviced Lifetime Mortgage', where the borrower can pay interest each month if they wish to do so, but the interest can otherwise roll up and be added to the mortgage.

Mr B went ahead with this recommendation, and in June 2023 the lender issued a mortgage offer. The mortgage completed in October 2023. Mr B says that by this time his financial situation and his health had deteriorated due to the stress and delays involved in the move.

In early 2024 Mr B made a complaint to HUB. He said the mortgage was unsuitable for him for a number of reasons, HUB had failed properly to explain how it worked, and it hadn't discussed alternatives with him. He also made a complaint to the lender about the valuation of his new property, and I understand that he has since put the property on the market.

HUB said its adviser had made a suitable recommendation and explained the reasons for that recommendation to Mr B. It didn't think it had done anything wrong or that it was responsible for the delays Mr B had experienced in the property purchase.

Our Investigator concluded that HUB had given Mr B suitable advice in the light of what Mr B had told it about his needs and circumstances. He didn't recommend that the complaint should be upheld.

Mr B didn't accept that conclusion and asked for an Ombudsman's review. He still considered that he had been sold an unsuitable mortgage and said that he hadn't wanted a mortgage with a drawdown facility, the adviser hadn't explained the mortgage properly, and there were other more suitable options that the adviser had failed to explore with him.

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.

I'm sorry to read that things haven't turned out as Mr B had hoped and he's decided to sell his new property. I recognise that he found the property sale and purchase extremely stressful and it took longer than he expected. I don't, however, find that I can fairly hold HUB accountable for that – the process was largely outside its control, and I haven't seen anything to indicate that it caused unreasonable delay.

Mr B has said that HUB's recommendation was unsuitable for a number of reasons, and I've carefully considered everything he has said. I won't, however, set out my conclusions in the same level of detail. I don't consider it either necessary or appropriate to do so in order to explain the reasons for my decision. I've also listened to the available recordings of Mr B's calls with HUB, and considered the mortgage documents and what HUB has said. Having done so, I've come to the same overall view as the Investigator – and I can't therefore uphold this complaint.

Under the rules of mortgage regulation, HUB had to take reasonable steps to ensure that any recommendation it made to Mr B was suitable for him, bearing in mind what Mr B told it about his needs and circumstances and any other relevant facts it should reasonably have been aware of.

I think it did that. It went through a fact find process with Mr B, which it documented. It first recommended a lifetime mortgage with an initial drawdown of £25,000. It then revised that figure when Mr B said he didn't need to borrow as much – resulting in a recommendation of an initial drawdown of £21,000. Mr B confirmed that he was happy with this, and I think it's clear that HUB listened to what he had said. It changed its recommendation to reflect Mr B's requirement for a lower initial drawdown.

Given Mr B's circumstances, I don't think HUB was wrong to discuss the option of a further drawdown facility with Mr B or to recommend such a facility to him. Mr B has said that he neither needed nor wanted this facility, and he had never heard of the availability of this option until HUB told him about it. Mr B was self-employed with a stated net monthly income of around £1,200, limited assets and no savings. There's no dispute that he and HUB discussed the availability of cash for future use, such as private healthcare or to buy a car.

In the circumstances, I don't think HUB's recommendation of a drawdown facility was unsuitable. It gave Mr B options for future borrowing if he wanted to take it, but it meant he wasn't charged interest on borrowing he didn't initially need.

The mortgage HUB recommended also meant that Mr B could pay the interest on the mortgage each month when he could, but it gave him the option of rolling up interest if necessary. A retirement interest-only mortgage wouldn't have provided that flexibility. The suitability report HUB sent Mr B said that:

You wanted to pay the interest so you can keep equity in the house in case you did need more later yourself. You also wanted full flexibility to stop the payment as you felt life can throw changes like health issues for example. If income reduced then at least you know you could stop that payment and have the security to stay in the house. This is why you wanted no committed payment.

From the calls I've listened to this flexibility is what Mr B said he wanted – he's self-employed, and said he wanted to be able to stop payments if he needed to. Mr B confirmed during a phone call with HUB that having no obligation to make payments was a priority for him.

Mr B has said that he also wanted to be able to make capital repayments in the future, but HUB didn't take that into account. It did, however, discuss the impact of capital repayments

during its conversations with him. The implications of early repayment were also set out in the mortgage documents and suitability report. Mr B told HUB that he might sell a vehicle in future, for example, to pay off some of the capital – but he also told it that he didn't want to sell his assets, which he estimated were worth around £9,000 in total. He also had other debts which he was repaying. In the circumstances, I think it's difficult to see how his income and circumstances could have facilitated capital repayment. While Mr B has now said that he might have been better off selling his vehicle and applying for a retirement interest-only mortgage instead to facilitate the property move, that's at odds with what he told HUB in 2023 – he didn't want to sell assets at that time.

Whether or not to go ahead with the recommended mortgage was always a choice for Mr B to make. It's clear from what Mr B has said and from HUB's records of its initial discussions with him that he was very anxious about the property sale and purchase process. He had recently been through an attempted move which fell through, and this had caused Mr B depression and anxiety. I can see from HUB's records that it noted this and that it meant Mr B was vulnerable. But I don't think Mr B's health and vulnerability meant that HUB should necessarily have thought that he wouldn't be able to understand the mortgage he was signing up to or the advice he was given. As part of the mortgage process Mr B was also required to take independent legal advice, and I would expect the solicitor to have checked he was able to make a decision about whether to take the mortgage.

I'm satisfied that HUB explained to Mr B what it was recommending and why, and what the risks were. I'm also satisfied that HUB's recommendation was suitable in all the circumstances. Mr B chose to go ahead with that recommendation, and I don't find that I can fairly uphold his complaint.

My final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 9 July 2024.

Janet Millington
Ombudsman