

## **The complaint**

Mr and Mrs L complain that their second charge loan with Elderbridge Limited (Elderbridge) was mis-sold as undisclosed commission was added to the loan, which has inflated their ongoing loan repayments.

## **What happened**

Mr and Mrs L took out a second charge loan in January 2007 with another lender. The original lender transferred ownership of the loan to Elderbridge in January 2016, so it was responsible for the loan from this date onwards.

Mr and Mrs L say that they were not made aware at the time of sale that commission was added to the loan and that they had unknowingly been paying an additional amount for this over the course of the loan, which has resulted in them paying more overall. They say that they have only become aware of this recently due to media articles.

Elderbridge says that no commission was paid by Mr and Mrs L in respect of the loan. It also said that the loan was sold by a broker, so it would be the broker which was responsible for the sale itself. The broker stopped trading in 2017, so Elderbridge forwarded Mr and Mrs L's complaint to the Financial Services Compensation Scheme.

Our Investigator looked into this complaint and found that Mr and Mrs L had made two separate complaints: firstly, about the undisclosed commission added to the account, and secondly that, as a result of this, the relationship between them and Elderbridge became unfair, as the addition of commission resulted in a higher loan balance, on which they paid more interest than they otherwise would have done. The Investigator concluded that she was satisfied that no commission had been added to Mr and Mrs L's mortgage. As a result of this, she was also satisfied that Mr and Mrs L had not been impacted by a higher loan balance or additional interest and that there was therefore no unfair relationship. The Investigator therefore did not recommend that Elderbridge take any further action.

Mr and Mrs L disagreed with the Investigator's view and so the case has come to me to make a decision. They say that they assumed that the loan had been taken out directly with the lender and that there was no broker involved, as they have not heard of the broker identified before making their complaint to this Service. Mr and Mrs L are not satisfied that the involvement of the named broker has been explained to them satisfactorily and want clarification on this matter. They say that the agreement cannot have been sold to them correctly if they were not told who it was with.

## **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 looked at the evidence, I agree with the Investigator's view for broadly the same reasons and I've explained these further below.

Elderbridge has confirmed that no commission was paid by Mr and Mrs L in respect of the loan. In addition to this, I have considered the documents available from when the loan was taken out.

I have looked at Mr and Mrs L's loan agreement and this does not show that any commission was paid by Mr and Mrs L. I can see that the loan was for £90,000 (plus an additional amount for a payment protection plan) to be repaid over 25 years. The loan was taken to consolidate other debts and the documentation shows that £73,903.04 was used to pay off a secured loan, £10,452.63 to pay off another loan and £5,158.97 to pay off a further personal loan. This left a total of £485.36 of the £90,000 and I can see that this was issued to Mr and Mrs L by cheque.

Whilst I am satisfied that this demonstrates that Mr and Mrs L did not pay any commission to a broker directly, I have also had to consider whether any commission might have been paid by the lender to a broker and, if so, whether this was disclosed to Mr and Mrs L. I therefore directed Elderbridge to make enquiries with the original lender regarding whether any commission was paid by the lender to the broker at the time of sale.

The original lender has confirmed that it has no information indicating that any commission was paid by it to any other party for the introduction of Mr and Mrs L's loan. It has indicated that the documents from the sale suggest that the loan was in fact sold directly. Although the underwriting document from the time of the sale has the name of a broker in the 'Source ID' field (the name of which was provided to Mr and Mrs L), the original lender highlights that the same document also refers to the marketing reference as being a web search engine, with the subcategory referring to a direct sale, and the form also states that no broker fee was paid. The original lender says that it has not seen a separate broker application form, which it would normally expect to see with a broker introduction. I have also seen a copy of the Land Registry search request sent by the original lender and this states that it was a direct sale.

I understand that Mr and Mrs L wanted some further clarification about the broker involvement in the sale of this loan, as they say that they have never heard of the broker detailed and believed they took the loan directly through the lender. In light of this, and the information highlighted by the original lender, I am satisfied on balance that the sale was most likely to have been directly through the lender. It follows that if no broker was involved in the sale at all and the loan was taken out directly with the lender then there would have been no intermediary for any commission to be paid to.

So there is nothing I have seen in the documents to indicate that Mr and Mrs L have paid any commission in respect of this loan. And I am satisfied on balance that no commission was paid.

I have also thought about whether Elderbridge's actions have made the relationship between it and Mr and Mrs L unfair on an ongoing basis. Given that I have not found that any commission was paid by Mr and Mrs L, I can't say the amount of their ongoing loan repayments has been inflated as a result. As I haven't found that Elderbridge has acted unfairly, I haven't found there to be an unfair relationship.

I know my decision will come as a disappointment to Mr and Mrs L, but I can't say that anything Elderbridge has done has caused them to lose out financially and therefore I don't uphold this complaint.

### **My final decision**

For the reasons I've explained above, I don't uphold this complaint and don't require Elderbridge Limited to do anything further.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L and Mrs L to accept or reject my decision before 22 July 2025.

Rachel Ellis  
**Ombudsman**

