

The complaint

Mr and Mrs S's complaint is that more 2 life Ltd (referred to here as M2L) declined their request to port (transfer) their lifetime equity release mortgage onto a new property, because of concerns raised by the surveyors. M2L had imposed a £2,000 retention on the mortgage funds but was unable to release the mortgage advance until work its surveyor had identified had been carried out on the property. Mr and Mrs S say M2L's surveyor exaggerated and overstated the issues with the property, and believes M2L have interpreted its rules in such a way as to deny them the opportunity to port their mortgage.

Mr and Mrs S went ahead with their purchase, but had to pay an early repayment charge (ERC) to M2L, which they believe should be reimbursed.

Mr S has dealt with the complaint on behalf of both himself and Mrs S.

What happened

I don't need to set out the full background to the complaint. This is because the history of the matter is set out in the correspondence between the parties and our service, so there is no need for me to repeat the details here. In addition, our decisions are published, so it's important I don't include any information that might lead to Mr and Mrs S being identified. So for these reasons, I will instead concentrate on giving a brief summary of the complaint, followed by the reasons for my decision.

In 2022 Mr and Mrs S took out an equity release lifetime mortgage with M2L, borrowing an initial sum of £100,000 secured against their then property. In common with this type of mortgage, no monthly repayment is required; instead interest accrues against the outstanding balance and is repayable upon the death of the last surviving borrower, on moving into residential or long-term care, or on moving home where the property does not meet M2L's lending conditions.

An ERC of 6% of the amount repaid is payable if the mortgage is redeemed during the first five years, for any reason other than death or going into long-term residential care. The mortgage offer also says: *"If you move home and want to transfer this lifetime mortgage to the new property, you can do so subject to the new property meeting our lending criteria at the time..."*.

In 2024 Mr and Mrs S decided to move house. They found a property they wanted to buy and applied to port the mortgage onto it. M2L appointed a surveyor to carry out a valuation of the property. The surveyor identified defects in the roof structure and recommended a retention of £2,000 from the mortgage to cover the cost of rectifying the defects.

Mr S commissioned his own survey, which identified no issues with the roof, along with a quotation for the work from a building company which described the repairs as *"unnecessary"*. These were referred to M2L's surveyors, but their opinion did not change.

M2L required the works to be done prior to releasing the mortgage funds. Mr S said that it wouldn't be possible for work to be carried out before he and Mrs S owned the property. M2L

suggested discussing this with the vendor and making arrangements for them to carry out the work prior to completion.

However, whilst discussions between M2L and Mr S were still ongoing, Mr S confirmed that he and Mrs S would be completing their purchase. They did so without porting the mortgage and paid an ERC of just over £6,000. Mr S complained to M2L, but the complaint wasn't upheld so Mr and Mrs S raised it with our service.

An Investigator looked at what had happened but didn't think M2L had acted unfairly. Mr S asked for an Ombudsman to review the Investigator's findings. Mr S has reiterated the points he's previously made, and argued that M2L failed to apply common sense to the situation. Mr S also says that he and Mrs S went ahead with their purchase as the chain was in danger of collapse and they didn't want to lose their buyer.

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.

M2L is entitled to set its own lending criteria, and as part of this, the property on which the mortgage has to be secured must be deemed suitable for mortgage purposes.

M2L isn't an expert on property valuations. That is why, when assessing an application for a new mortgage, M2L appoints an independent surveyor to carry out an inspection of the property. M2L's only duty in this respect is to ensure that a suitably-qualified person is appointed to carry out the valuation. In this case, the surveyor appointed by M2L was a Member of the Royal Institution of Chartered Surveyors, and is therefore considered to be suitably-qualified.

M2L was entitled to rely on the opinion of its own expert in relation to the condition of the property. This was challenged by Mr S providing his own reports, but M2L's surveyor wasn't persuaded to change his opinion. In the circumstances, I'm satisfied M2L was entitled to rely on its own expert's opinion and take this into account when assessing the risk of lending.

I appreciate what Mr S has said about not wanting to carry out the work prior to completion. However, I'm not persuaded that the work couldn't have been carried out after contracts had been exchanged (which commits both vendor and purchaser to complete the transaction) and prior to completion. This is not an unusual scenario where, as in this case, the work (according to Mr S) was a 'minor' repair. The alternative was to arrange for the vendor to carry out the work once contracts had been exchanged and be reimbursed on completion.

It seems that the need to prevent the chain from collapsing overtook the situation with the M2L mortgage, with Mr and Mrs S deciding to continue with their purchase in any event. The property chain is, of course, something outside the control of M2L. However, I'm satisfied that, but for Mr and Mrs S's need to preserve the chain, it ought to have been possible for the work to have been done between exchange and completion, thus allowing the mortgage funds to be released. It's unfortunate that Mr and Mrs S's timescale didn't allow for this, but that's not something for which I can hold M2L responsible.

In the circumstances, I'm not persuaded it would be fair or reasonable to order M2L to reimburse the ERC, which was charged in accordance with the mortgage terms and conditions.

My final decision

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

This final decision concludes the Financial Ombudsman Service's review of this complaint. This means that we are unable to consider the complaint any further, nor enter into any discussion about it.

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

Jan O'Leary
Ombudsman