

The complaint

Mr and Mrs M's complaint is about a lifetime mortgage they have with Standard Life Home Finance Limited (SLHF). They are unhappy that SLHF reduced the amount it was willing to lend them after they had accepted a mortgage offer.

In settlement of the complaint, Mr and Mrs M want SLHF to change the drawdown facility to reflect the amount available to them under the first mortgage offer. Initially, they also said they wanted an apology from SLHF, but later confirmed that they wanted '*serious compensation*' due to the amount of time they had spent dealing with the complaint.

What happened

Following advice from their independent mortgage broker, Mr and Mrs M applied for a lifetime mortgage in March 2024. They wanted to borrow an initial lump sum and to have a drawdown facility so that they could access funds in the future as they needed them. The application form documented Mr M's age as 81 and Mrs M's age as 82. A key facts document was produced at that time which detailed that the illustrated figures were based on the youngest applicant having attained their next age, i.e. Mr M being 82 when the mortgage was advanced.

SLHF issued a mortgage offer on 9 April 2024. This offered Mr and Mrs M an initial advance of £30,945 at an interest rate of 5.37%. A drawdown facility of £131,055 was also offered. The mortgage offer was valid until 2 July 2024 and SLHF has confirmed that it was offered on the basis of '*the youngest applicant's next age.*' This was because Mr M was due to turn 82 at the beginning of May 2024. Mr and Mrs M signed to accept the offer on 15 April 2024.

When SLHF was told that Mr and Mrs M wanted to complete on their mortgage on 25 April 2024, it reminded their mortgage broker that the offer had been based on the assumption the mortgage would complete after Mr M's birthday the following month. SLHF explain that if completion happened before his birthday, it might not be able to offer as much money. Mr and Mrs M's broker responded by saying '*Complete asap – DOB to fund release not an issue.*'

SLHF issued a new offer on 23 April 2024 with an initial advance of £30,945 and a drawdown facility of £124,305. The interest rate remained the same and it was also valid until 1 July 2024. The offer confirmed that it replaced the previous offer and that offer had been cancelled. Mr and Mrs M accepted the revised offer, and the mortgage completed the following day. Mr and Mrs M have told us they weren't told why SLHF had changed the amount it was willing to offer them. They also said that they initially rejected the offer, but as they wanted their mortgage to complete in the coming days, they reluctantly accepted it. Their acceptance was confirmed to their solicitors in a telephone call in the morning of 25 April 2024.

Mr and Mrs M complained in June 2024 about what had happened. SLHF responded to the complaint in a letter of 16 July 2024. It set out what had happened and said that it didn't consider it had acted incorrectly or unfairly.

Mr and Mrs M were not satisfied with SLHF's response and referred the complaint to this Service. They commented that while the first mortgage offer was signed in front of a solicitor, the replacement one had not been – they questioned whether this difference meant that the initial contract was the valid one. In addition, Mr and Mrs M told us that they had not been told about the issue with the mortgage completing before Mr M's birthday and the potential consequences of that happening.

One of our Investigators considered the complaint. Ultimately, she didn't recommend that it be upheld.

Mr and Mrs M did not accept the Investigator's conclusions. They highlighted that neither they, nor their solicitors, had received an explanation for the change in what SLHF was willing to offer them. They questioned which offer was valid, as the original one did not mention the option for SLHF to replace an offer, only to withdraw or cancel one. In addition, Mr and Mrs M highlighted that they had only verbally accepted the second offer, and questioned whether that meant the terms of the second offer were those that should apply. In addition, Mr and Mrs M said that they did not choose the completion date and said that SLHF could have delayed the mortgage completing to comply with the terms of the first offer. A copy email from their solicitors confirmed that it set the completion date. Mr and Mrs M asked that the complaint be passed to an Ombudsman for review.

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 would firstly confirm that as Mr and Mrs M had applied for their mortgage through a broker, it would be normal practice that all communications from the lender would initially be made with the broker. Later, once solicitors were involved, there would also be some communication between the solicitors acting on behalf of the lender and the consumers. It would be very unusual for a lender to bypass a consumer's adviser/representatives and speak to them directly. As such, I am satisfied that when SLHF established there was an issue with the completion date it was told about, it was reasonable that it contacted Mr and Mrs M's broker. It would be for Mr and Mrs M's broker and/or solicitors to have explained the second offer to them and why it had been issued.

Furthermore, while I note that Mr and Mrs M have said their solicitors were not made aware of the reason for the new mortgage offer being issued, it should reasonably have been aware of the differences between the offers. This would include the fact that the first was issued on an age next birthday basis for Mr M and the second one was not. It would also have been able to ask any questions of SLHF before the mortgage completed.

I note that Mr and Mrs M have said they did not set the completion date for the mortgage. Having read the email they have provided from their solicitors it would appear that it was their solicitors that told SLHF when the mortgage was to complete. As such, SLHF simply acted on the instructions it was given. It was not for SLHF to decide that the completion date was wrong or should be ignored. It could question the date and highlight the consequences of it to Mr and Mrs M's representatives. However, when it received confirmation from both the broker and the solicitors that the mortgage was to go ahead on that date, it was entirely appropriate for SLHF to advance the mortgage as instructed.

I now turn to the matter of the replacement offer. As a lender providing a lifetime mortgage will not usually receive any return on the money it lends until after the borrower(s) have left the property for whatever reason, the amount that will be lent will depend on assumptions

about how long the mortgage will be in place. If there are two borrowers, the assumed term of the mortgage will be based on the youngest's age and their statistical life expectancy. The older the borrowers are at the start of the mortgage, the more a lender will generally offer. Mr and Mrs M's broker and solicitors would have been aware this is how a lifetime mortgage worked.

When Mr and Mrs M received the recommendation to take out the mortgage, a key features document was produced to assist the broker in explaining the product and for Mr and Mrs M to have a record of what was being recommended. That document was produced on the basis that Mr M would have passed his next birthday by the time the mortgage was advanced. The application was also submitted on that basis. As such, it was reasonable for SLHF to work on the basis that Mr and Mrs M were aware that this was the case.

When SLHF was told the mortgage would be completing before Mr M's birthday the following month, this effectively meant that they wanted their mortgage to be on a different basis to that they had previously proposed. So SLHF highlighted the issue to Mr and Mrs M's broker, which is what I would have expected it to do. SLHF effectively gave Mr and Mrs M the choice of continuing with the offer available, which would mean delaying completion slightly, or receiving a revised offer based on Mr M's actual age. I can't comment on what, if any, discussion happened between Mr and Mrs M and their broker on this issue, but SLHF was told the completion date was to progress as planned and a revision to the offer based on Mr M's attained age was fine.

I note that Mr and Mrs M have questioned the language used in relation to the new mortgage offer – that it was a replacement. They've highlighted that the original mortgage offer said that the offer could be cancelled or withdrawn but did not mention it being replaced. While SLHF did not say the existing offer had been withdrawn, I think reasonably Mr and Mrs M would have known replacing it would have meant that it was no longer available, i.e. it had been withdrawn.

Overall, I am satisfied that SLHF was entitled to revise the amount it was willing to offer Mr and Mrs M when it was told the basis of the mortgage application was changing. The fact that Mr and Mrs M had signed to accept the previous offer does not mean that SLHF could not withdraw it. I am also satisfied that it was not unreasonable for SLHF to withdraw the offer and issue a replacement, as it was being asked to provide a mortgage to a person who was younger than it had previously agreed to. While I appreciate that Mr and Mrs M are unhappy about what happened, I don't consider that SLHF did anything wrong.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I am required to ask Mr and Mrs M to accept or reject my decision before 8 May 2025.

Derry Baxter
Ombudsman