DRN-5684852

The complaint

Mr and Mrs N complain that Quilter Mortgage Planning Ltd (Quilter) mis-led them when they borrowed money to purchase their home. They said they were not told that a drawdown of £10,000 wasn't available to them and had they of been, they may not have decided to purchase the property. They said that their options were taken away from them.

They would like £10,000 in compensation to make up for this mistake.

What happened

Mr and Mrs N met with an adviser at Quilter in May 2024 to discuss their options for purchasing a property. A fact find was completed to find a suitable lender for Quilter to place the application with.

The adviser assessed that Mr and Mrs N required £70,000 to be able to complete on the purchase. An application was made to another lender at this point but due to adverse credit history, that lender was no longer willing to go ahead with the application. Quilter identified that More2Life were the only lender that was available for Mr and Mrs N.

Mr and Mrs N were then provided with a mortgage offer from More2Life for an increased amount of £80,300 on 30 August, with a maximum amount available to borrow of £102,000 at an interest rate of 6.85%. The adviser revisited the amount Mr and Mrs N wanted to borrow so that all expenses were covered, and a further mortgage offer was issued on 10 September for £92,000 with an interest rate of 6.4%. The offer stated that More2Life were prepared to lend £102,000 but didn't offer a drawdown facility so any further borrowing would be subject to lending criteria.

Mr and Mrs N completed on their property in early October 2024 and shortly after, a storm caused some damage to their home. Mr and Mrs N said they required more money and asked to borrow the additional £10,000, but this was declined by More2Life.

The adviser contacted More2Life and was told there was no drawdown facility, which he says he thought there was. But More2Life were not prepared to agree for further borrowing of £10,000.

Quilter acknowledges the error the adviser made and apologised for this and also offered Mr and Mrs N £500 in recognition of this.

Mr and Mrs N didn't agree so they brought their complaint to the Financial Ombudsman Service where it was looked at by one of our investigators. Our investigator thought the offer made by Quilter was fair under the circumstances. He said there was no loss as such as Mr and Mrs N were able to get the repairs done after the storm by the insurance company. But he did accept this caused them stress but thought the amount offered was fair. He also wasn't persuaded that had Mr and Mrs N of known at the time that the additional £10,000 wasn't available as a drawdown, that they would not have purchased the property they had found.

Mr and Mrs N disagreed. They said that the adviser lied to them and failed to tell them that they couldn't have the additional money. They said this took away their choice to decide what to do. They said they may not be out of pocket, but they said the chance of having the extra £10,000 would make it better for them. They feel that £500 is derisory and offensive.

As they disagreed with the investigator, they asked for the complaint to be reviewed by an Ombudsman, so it's been passed to me to decide.

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 appreciate that Mr and Mrs N feel very strongly about this complaint but after considering everything very carefully, I have reached the same conclusion as the investigator. I'll explain why.

I don't think there is any question here that a mistake has happened. But I don't agree that Mr and Mrs N were lied to by the adviser at Quilter. From what I have seen, the adviser was also under the impression that a drawdown facility was available when the new mortgage offer of £92,000 was sent out. He has said that he missed this and didn't realise the facility wasn't on there, like it had been on the prior offer. I haven't seen anything that makes me think he did this deliberately. I believe it was a genuine error as he then contacted More2Life to find out if there was anything that could be done – but they were not prepared to lend any further funds at that point. Quilter accepted the error they made, and they paid Mr and Mrs N £500 in recognition of this.

The mortgage offer dated 10 September 2024 under section 5 – description of this mortgage says:

"*This lifetime mortgage provides you with a lump sum payment at the start of the loan. You do not have to make any repayments during the life of the mortgage"*

It then goes on to say:

"*The maximum amount that you may borrow is £102,200. You have chosen an initial loan amount of £92,000. You may be able to borrow more in the future if the value of your home goes up subject to lending criteria at the time"*

This wording is the same as the 30 August mortgage offer except for the amount they were borrowing. It states that any further lending is subject to More2Life's lending criteria and doesn't state that any drawdown is available on either loan.

The issue here is that the adviser at Quilter thought there was. And it seems that if Mr and Mrs N wanted to increase their borrowing up to the maximum of £102,200, that they would have been able to do this prior to completion of the mortgage But, the offer doesn't say that they can draw these additional funds out after that time. So having looked at both mortgage offers, it doesn't look like any of them had the option for a drawdown after completion. So this wasn't going to be available to Mr and Mrs N if they wanted further funds later down the line, without an application being made to More2Life.

Mr and Mrs N argue that the amount of £500 doesn't compensate them, and they are looking at an award of £10,000 to cover what they could have had. But unfortunately, it doesn't work like that.

We need to think about what would have happened had Mr and Mrs N of been aware at that time that the new borrowing of £92,000 didn't have a drawdown facility.

I can see that initially they were looking to borrow £70,000 which then increased to £80,300. This then increased to £92,000. From reviewing the fact find, it appears that the adviser wanted to ensure that Mr and Mrs N had enough money to get everything done in the property that they wanted to do. So it doesn't look like initially they wanted to borrow as much money.

I think the thing to point out here is while I accept it would make Mr and Mrs N feel better having that money available, they haven't essentially 'lost' £10,000. If they had borrowed this additional amount, they would have been charged interest on it. By not having it, then they are not being charged anything. And they didn't lose any money carrying out the repairs to the property as this was dealt with by the insurers – albeit with some delays that occurred at the time.

As Mr and Mrs N were able to repair their home through the insurance, it follows that they have been left with an additional £10,000 worth of equity in their property.

We have to think about how Quilter put this right for Mr and Mrs N but that doesn't mean that they give them £10,000 because of the drawdown facility that isn't available. Having looked at everything that's happened, I do agree that the amount of £500 offered by Quilter is fair and reasonable in the circumstances of this complaint.

The suitability report dated May 2024 shows that Mr and Mrs N had sold their previous property and had been moving around the country to find their 'forever home'. It states they found a property that they felt ideally suited their needs but didn't have enough savings to purchase the property outright. I am not persuaded that had they of been given the correct information at the time – that no drawdown facility was available – that they would have chosen not to proceed with this purchase. I accept the lack of information meant it took their choice away, but I'm not persuaded they would have made a different one. The adviser had already explained that More2Life were the only lenders that would lend to Mr and Mrs N – so other than not going ahead with that purchase, I'm not entirely sure what would have been different.

Mr and Mrs N have said that we are missing the point entirely. But I don't agree that we are. This seems to be a genuine mistake that Quilter have compensated Mr and Mrs N for. There is no financial loss but rather a loss of expectation. And for the reasons I've already set out, I think the offer of £500 is fair, therefore I won't be asking Quilter to pay anything further.

I appreciate that Mr and Mrs N will be disappointed with my decision, but I'm satisfied that Quilter have acted reasonably in the circumstances of this complaint.

My final decision

For the reasons given above, I think the offer of £500 that Quilter Mortgage Planning Limited has made is fair. If this hasn't been paid to Mr and Mrs N yet, Quilter Mortgage Planning Limited should arrange for this to happen.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs N and Mr N to accept or reject my decision before 23 September 2025.

Maria Drury
Ombudsman