

The complaint

Ms M complains that she was mis-sold a buy to let mortgage by Charter Court Financial Services Limited trading as Precise Mortgages.

What happened

In 2015 Ms M took out a buy to let mortgage with Precise. The mortgage was arranged by a broker. She borrowed £35,000, with interest fixed at 5.29% for the first five years followed by a variable rate set at 4.43% above the LIBOR rate.

In 2025, Ms M complained to Precise about the mortgage. She said, in summary:

- The mortgage was mis-sold, unsuitable for her needs, and not compliant with Financial Conduct Authority (FCA) regulations.
- The mortgage was for debt consolidation. But the illustration said it was for an investment property, which wasn't correct. It included fees and an early repayment charge, which aren't appropriate for a customer "seeking debt relief".
- In 2021 LIBOR was withdrawn. By 2023 the interest rate had increased to 8.78% - which is a significant burden for someone trying to resolve personal debt.
- Her complaint was that:
 - The mortgage was for debt consolidation. This is a regulated purpose, and so an unregulated buy to let mortgage wasn't suitable. She was misled into forgoing consumer protection.
 - The mortgage was exposed to LIBOR. This made it complex, high risk and volatile, and so unsuitable for her.
 - As a result, the advice to take it out was inappropriate.
 - Fees and the early repayment charge (ERC) weren't adequately disclosed. The ERC deterred early repayment, entrenching Ms M's indebtedness.
 - As a result, and because of high interest rates, she was caused long term financial harm.

To resolve things, Ms M said she wanted a full refund of all the interest she had paid as well as compensation for the upset caused and the return of a document she had given Precise.

Precise said the mortgage was sold by the broker, not by Precise, and the broker was responsible for advising Ms M about it and making sure it was suitable for her circumstances. It knew the mortgage was being taken for debt consolidation and agreed the mortgage on that basis. The mortgage offer clearly set out the fees and any ERC that may apply if the loan was repaid early. It also set out the interest rate that would apply. It didn't

think it had done anything wrong.

Our investigator agreed that Precise wasn't responsible for how the mortgage was sold. He said this wasn't a regulated mortgage so the FCA's rules didn't apply – and there was no restriction on offering unregulated mortgages for debt consolidation. He said that the fees and interest rate were set out clearly. He didn't think the complaint should be upheld.

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.

This mortgage was sold by a broker, not by Precise. It was the broker who advised Ms M and recommended it to her, and arranged it for her. The broker was acting on behalf of Ms M, not on behalf of Precise. That means that it was the broker who was responsible for ensuring that the mortgage was suitable for Ms M and met her needs, and for explaining how it worked to her.

I'm afraid I agree with the investigator that Precise is not responsible for how the mortgage was sold or its suitability for Ms M in her circumstances. That's something she would need to take up with the broker – though it's not a complaint we could consider if she complained to us about the broker. That's because the sale by a broker (but not the lending by a lender) of an unregulated mortgage falls outside the jurisdiction of the Financial Ombudsman Service.

Ms M has pointed to Precise asking the broker to make changes to the application form. But that doesn't change my conclusions. All that happened was that it said to the broker that parts of the form hadn't been filled in properly and that should be corrected. This doesn't amount to Precise giving advice or making changes to the type of mortgage that was applied for.

The mortgage application was presented to Precise as for a buy to let mortgage. The product selected was a buy to let one. The application form doesn't say that this was to be Ms M's residence. There's a question about this, with boxes to tick for "yes" and "no". Both of these boxes are unticked – the question is not answered "yes", it is unanswered – but the next question ("will the property be occupied by the applicant or immediate family") is answered "no". I think this was clearly an application for a buy to let mortgage.

This is an unregulated mortgage because it was secured on a property Ms M didn't live in and rented out. Where, as here, a mortgage is secured by a first legal charge then it's regulated if the property is intended to be used as a residence by the borrower or a member of their immediate family; and it's unregulated if that's not the case and the property is to be rented out. I'm afraid Ms M isn't correct that lending for debt consolidation, or adding fees to the borrowing, makes a mortgage regulated. There's no restriction on using a buy to let mortgage to repay other debts, and doing so doesn't make it a regulated mortgage.

The rules of mortgage regulation Ms M has referred to therefore don't apply here. There are specific rules applying to regulated mortgages used for debt consolidation. But they only apply to regulated mortgages – and don't prevent unregulated mortgages being used for debt consolidation too. Similarly there are rules around giving advice on regulated mortgages – but they don't mean that all mortgage advice is regulated. It depends on the type of mortgage, and buy to let mortgages – like this one – are unregulated whatever the purpose the money will be put to.

Section three of the illustration the broker gave Ms M says "you require a mortgage to raise capital and / or replace an existing mortgage on an existing investment property." But that

doesn't mean that Ms M was raising funds to invest in a new property. All it means is that she was borrowing money against a property which wasn't her home – that she owned as an investment not as her residence. This isn't misleading, doesn't make the mortgage regulated, and isn't incompatible with her using the funds to repay other debts. That's what "raising capital ... on an existing investment property" means – taking borrowing on a property she already owned (but didn't live in) for purposes other than buying the property the mortgage was secured over.

The mortgage illustration and offer both make clear that a fee of £385 would be added to the mortgage balance. And they make clear that there was a fixed interest rate for the first five years, and that if Ms M ended the mortgage during the fixed rate there would be an ERC. I don't therefore agree that they weren't adequately disclosed to Ms M. And if she didn't understand this, explaining how the mortgage worked was something the broker – not Precise – was responsible for.

ERCs are normal in the mortgage industry – they're what allow lenders to offer fixed rates. In order to raise funds to lend at a fixed rate, a lender commits to paying for those funds over the fixed rate period. If a mortgage ends early, the lender won't recover all the interest it planned for and that would have been paid if the fixed rate ran its course – meaning it won't receive enough to cover the costs of raising the funds in the first place. But there are all sorts of reasons why a borrower might need to exit a mortgage early. So the presence of an ERC means that the borrower is allowed to exit early, in exchange for paying the fee to cover interest the lender won't now recover. As I say, this is standard practice in the mortgage industry and not unfair. The fact that the mortgage was taken for debt consolidation makes no difference to that. It benefitted Ms M because it meant her payments were fixed for the first five years, allowing her to manage her outgoings knowing the mortgage wouldn't change.

Once the fixed rate expired, the mortgage moved to a variable rate. At the time the mortgage was taken out, variable rates linked to LIBOR weren't uncommon – LIBOR was sometimes used instead of Bank of England base rate. This wasn't unfair.

In 2021, the LIBOR rate ceased to exist. So Precise had to change from using LIBOR to using a different benchmark rate. It chose SONIA – SONIA was the rate that replaced LIBOR, so I don't think this was unfair either. It was no longer possible to use LIBOR so it was reasonable for Precise to use an equivalent benchmark rate instead. The mortgage interest rate changed between the end of the fixed rate and when Ms M repaid it in 2023 in line with changes to LIBOR (until the end of 2021) and then SONIA. Again, if Ms M didn't understand what LIBOR was or how the interest rate might vary, this was a matter for which the broker – not Precise – is responsible.

For all those reasons, I'm not persuaded that Precise has acted unfairly or that it caused the relationship between it and Ms M to become unfair. I don't therefore uphold this 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 Ms M to accept or reject my decision before 17 February 2026.

Simon Pugh
Ombudsman