

The complaint

This complaint is about a new fixed rate product Mr W arranged on his mortgage via a mortgage broker firm that is part of Quilter Mortgage Planning Limited.

The essence of the complaint is that having arranged the new product approximately five months in advance of it taking effect, Quilter gave Mr W wrong information about the lender's deadline date substituting a better deal for the one already agreed. As a result, Mr W missed out on the opportunity to secure a lower rate than that which he is currently on.

What happened

By way of a provisional decision dated 12 August 2025, I set out my provisional conclusions on this complaint. The following is an extract from the provisional decision.

"The above summary is in my own words. The basic background to this complaint is well known to both parties so I won't repeat the details here. Instead I'll give a brief summary and then focus on giving the reasons for my decision. If I don't mention something, it won't be because I've ignored it. It'll be because I didn't think it was material to the outcome of the complaint.

Briefly, in March 2024, Mr W pre-booked a two-year fixed-rate deal of 5.3%, to follow on from his existing deal that was due to expire at the end of August 2024. He intended to monitor the market to see if something better would come along in the meantime. Quilter's advisor told him the cutoff date for substituting a different deal from the one he'd already booked was 26 August 2024. Given this was bank holiday following a weekend, Mr W worked on the basis that for practical purposes, he should work to a deadline of 22 August 2024.

Mr W contacted Quilter on 22 August 2024; he'd identified that if he made a lump-sum part redemption on the mortgage, he'd move into a lower loan-to-value (LTV) band, giving him access to a two-year fixed-rate deal of 4.8%. After a mix up over the valuation (which was quickly resolved and has no bearing on the outcome of the complaint) Mr W paid the lump sum to the lender, only to then find out that the cut-off date had in fact been 20 August 2024, and it was too late for him to switch products.

Mr W negotiated the return of his lump sum payment from the lender and complained to Quilter. Quilter's initial response was to reject the complaint, but it later offered Mr W £300 compensation, albeit without any admission liability.

Our investigator agreed that the offer of £300 compensation for trouble and upset was fine in isolation. But he also recommended Quilter pay Mr W redress for the extra interest he has paid, and will pay, on his new product compared with what he could have paid if he'd been able to substitute a better product before the lender's cut-off date.

Additionally, he said that if Mr W wanted to re-make the lump sum payment to the lender, Quilter should also pay Mr W interest at 8% on the historic overpayment

already made, less any credit interest he has received on the funds in the meantime. If Mr W either couldn't or chose not to re-make the lump sum payment to his lender, then the award of interest would drop away, leaving just the award for the differential interest and compensation.

Mr W accepted the investigator's recommendation, but said initially he wasn't in a position to re-make the lump sum payment. He's since let us know that he would be willing to do so after all. Quilter initially disagreed with the investigator's recommendation but later agreed to settle. However, despite several reminders, Quilter hasn't carried out the settlement, leaving the investigator no option other than to refer the case for review by an ombudsman.

What I've provisionally decided – and why

I'll start with some general observations. We're not the regulator of financial businesses, and we don't "police" their internal processes or how they operate generally. That's the job of the Financial Conduct Authority (FCA). We deal with individual disputes between businesses and their customers. In doing that, we work within the rules of the ombudsman service and the remit those rules give us. We don't replicate the work of the courts.

We're impartial, and we don't take either side's instructions on how we investigate a complaint. We conduct our investigations and reach our conclusions without interference from anyone else.

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

This isn't a case where I have to decide fault; that's been established. What I have to decide is what fair redress Quilter should pay to Mr W to put things right. Having looked carefully at what our investigator has recommended, I've reached a different conclusion on the form redress should take.

I fully appreciate why Mr W negotiated the return of the part-redemption from his lender. It seems to me that he did so in the reasonable belief that, due to Quilter's errors, he'd missed out on the 4.8% deal, and so his funds would be better used by reverting to his savings. But of course the fact remains that Mr W's potential eligibility for the 4.8% deal was dependent on the part-redemption being made, because without that, his mortgage wouldn't move into the lower LTV bracket.

That being the case, I don't think it's fair to say that only the second element of the proposed award of redress (that is; the payment of compensatory interest for being deprived of the funds in respect of differential interest payments already made) should be contingent on Mr W re-making the part-redemption. Indeed, for reasons I'll get to in due course, I'm not persuaded compensatory interest is warranted at all.

Back to the primary award of the differential interest itself, that *must* be conditional upon Mr W re-making the part-redemption, because without that, Mr W had no eligibility for the lower rate, hence he now has no entitlement to be reimbursed that differential interest.

If Mr W doesn't re-make the part-redemption, then the only redress to which he is fairly entitled is the £300 compensation for his time, trouble and upset. If he does re-make the payment, and provides Quilter with evidence of having done so, then he is

fairly entitled to be reimbursed for the differential interest he has already paid and will pay up to the end of his current product.

There is, of course, a possibility that making a part-redemption could mean Mr W incurring an early repayment charge (ERC). Most lender's fixed rate deals include an annual allowance for borrowers to repay up to, typically up to 10% of the outstanding balance each year. In isolation, it seems unlikely that the part-redemption Mr W needs to make would breach that limit, but there's always the possibility that Mr W might have made additional payments in the current year that have used up enough of that allowance that an ERC would be triggered.

I'd ask Mr W, as part of his response to this provisional decision, to confirm, with evidence if necessary, whether he has made use of his overpayment allowance to the extent that by him re-making the part-redemption, his lender would apply an ERC. If he does that, then my final award will include requiring Quilter to reimburse him that ERC.

That brings me to the second part component of the recommended settlement; that is, compensatory interest *on* the differential payments. The principle behind such awards is that they compensate a consumer for being deprived of access to the extra funds. Here, however, only about half of those extra payments have already been made. The other half are yet to be made. So the reimbursement element of the award means that, if he accepts my proposed outcome, Mr W will receive about half of the redress in advance of incurring the loss. As the two opposing factors more or less balance each other out, I don't consider it fair that Quilter pays Mr W further interest for being deprived of access to his funds."

The parties were given two weeks to comment on the provisional decision. Mr W accepted the provisional decision, confirming his intention to make the lump-sum payment, once he'd heard that Quilter was agreeable to the proposed settlement. He also told us he'd not used any of his over-payment allowance and didn't anticipate incurring an ERC.

Despite the investigator sending a reminder, Quilter hasn't made any comment.

What I've decided – and why

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Having looked afresh at everything the parties have said and provided, having been given no reason to depart from my provisional conclusions, I don't. But I note that Mr W is concerned that Quilter will continue to delay implementing settlement. I should not have to remind Quilter that failure to comply with a final decision from an ombudsman is a serious regulatory breach.

Under the rules of the ombudsman scheme, my final decision will be binding on Quilter if Mr W accepts it by the specified deadline. If he accepts (and complies with the condition I placed on him) and Quilter does not then comply with my award in full, Mr W will be able to take enforcement action in court. But I very much hope that Quilter heeds this warning, such that enforcement action isn't necessary.

My final decision

My final decision is that I uphold this complaint, and in full and final settlement, order Quilter Mortgage Planning Limited to do the following:

- calculate and reimburse the differential interest Mr W has paid and will pay each month from 1 September 2024 up to the end of his current 5.3% mortgage product instead of the 4.8% interest rate product*; and
- pay Mr W compensation of £300.

*This part of my award is conditional upon Mr W providing Quilter Mortgage Planning Limited with evidence of having remade the lump sum part-redemption to his lender no later than four weeks after accepting my final decision, assuming that he *does* accept my final decision. If he also shows that doing so has resulted in an ERC being charged by the lender, Quilter Mortgage Planning Limited will need to reimburse that too.

If Mr W doesn't do that, or if he does but after the four-week period has passed, then Quilter Mortgage Planning Limited will only be required to pay the £300 compensation in order to comply with my final decision. It won't be required to pay the differential interest part of the award, albeit it could still choose to do so.

For the avoidance of doubt or ambiguity, that four-week period is separate from the four-week period that our rules provide for Mr W to accept or reject my final decision, and only begins to run if and when he does accept.

My final decision concludes this service's consideration of this complaint, which means I'll not be engaging in any further discussion of the merits of it.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 1 October 2025.

Jeff Parrington

Ombudsman