

The complaint

Mr and Mrs H complain about poor mortgage advice from an appointed representative of First Complete Limited trading as PRIMIS Mortgage Network. They say it misled them about the amount of the early repayment charge (ERC) they'd pay if they repaid their mortgage rather than port it when they moved home.

What happened

Mr and Mrs H wanted to move home and took mortgage advice from PRIMIS. They say PRIMIS persuaded them to take out a new mortgage rather than make a porting application. They say PRIMIS told them porting would be inconvenient and time-consuming going forwards, and presented information about the finances that persuaded them to remortgage. Mr and Mrs H say PRIMIS told them they'd pay an ERC of about £1,500 to their existing lender if they repaid the mortgage when they sold their property. On this basis, they decided to apply for a mortgage with a different lender.

In the week before their sale and purchase were due to complete, Mr and Mrs H found out the ERC was about £7,500. They say it was too late to make a porting application without putting the sale and purchase chain at risk.

I sent a provisional decision to the parties, to explain why I intended to uphold this complaint. I said PRIMIS hadn't given Mr and Mrs H correct advice to enable them to make an informed and timely decision about the cost of remortgaging as compared to porting. By the time Mr and Mrs H found out about the ERC, they were close to completion and the timing meant starting a porting application would cause delays and put their sale and purchase at risk. I said PRIMIS should compensate Mr and Mrs H for the cost of the ERC and losing the benefit of the lower interest rate.

Mr and Mrs H agreed. PRIMIS didn't respond.

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.

PRIMIS gave Mr and Mrs H mortgage advice. Rules on mortgage regulation require PRIMIS to ensure any mortgage it recommends is suitable, and take reasonable steps to obtain from a customer all information likely to be relevant for this purposes. PRIMIS must act to deliver good outcomes for its customers.

The calls and online meetings where the fact find and other discussions took place weren't recorded. I have written evidence, such as the fact find and recommendation completed by the adviser and the e-messages between Mr H and the adviser. I should explain that where the evidence is incomplete or contradictory I reach my decision on the balance of probabilities – that is what I think is most likely to have happened.

PRIMIS provided a copy of the fact find carried out with Mr and Mrs H in March 2024. The

section on their current mortgage is incomplete. It doesn't include the rate for their current mortgage. It says the mortgage isn't portable and there's no ERC. However, there is reference to an ERC of £1,500 in other parts of the fact find.

When Mr and Mrs H first contacted PRIMIS they intended to port their mortgage and take out additional borrowing with their existing lender. PRIMIS sent them a mortgage in principle from their lender in February 2024. Mr and Mrs H say they decided to apply to a new lender in late March 2024, after meeting with PRIMIS.

Mr and Mrs H say they were persuaded to apply to a new lender by PRIMIS which presented porting as an inconvenient and time-consuming option going forwards. They say they asked if they should speak to their lender to see if it could match the other lender, but PRIMIS told them it wouldn't consider this. They say based on the finances presented to them by PRIMIS they opted to remortgage. Mr and Mrs H said they'd have preferred to stay with their previous lender and only agreed to apply to a new lender when PRIMIS said this was better financially.

Given that PRIMIS was advising Mr and Mrs H as to their options – whether to port their mortgage or apply elsewhere – I'd expect it to obtain information about their existing mortgage product, such as the amount of the ERC, the interest rate and when the product was due to expire.

Mr and Mrs H say PRIMIS told them the ERC would be £1,500. They say it told them the ERC reduces each year and calculated their ERC as 1% of the outstanding mortgage balance as the product was in its final year.

PRIMIS says it was Mr and Mrs H that said the ERC was £1,500. It says it wouldn't have come up with a figure of £1,500 if it had made a calculation. It says ERCs are usually calculated using a whole percentage and this would have meant the ERC was 0.64% of the balance.

The fact find and the mortgage application say the outstanding mortgage balance was about £151,000. If the adviser did calculate the ERC as 1% of the balance (as Mr and Mrs H say) he'd have said it was about £1,500. I've noted the comments of the adviser in late June 2024 that the ERC was unusual and was possibly particular to that product – that suggests he'd expected something different.

But the ERC wasn't the only cost that Mr and Mrs H needed to consider when deciding whether to port or apply elsewhere.

The mortgage PRIMIS recommended had a fixed interest rate of 4.68% to June 2026. Mr and Mrs H's existing mortgage had a rate of 1.59% until May 2025. Mr and Mrs H would have had to take out a new rate for the additional borrowing (about £80,000) which would have had a higher rate. If this was 5% (which seems reasonable based on rates at that time), they'd have paid about £4,000 less in interest over the first year after they moved if they'd ported rather than re-mortgaged.

PRIMIS says the costs of re-mortgaging were explained to Mr and Mrs H. I'm not persuaded that was the case. There's no record of PRIMIS informing Mr and Mrs H of the relative interest costs, or any reference to this in the documents. The fact find says Mr and Mrs H understood they'd pay the ERC and this may not be the financially best option. The fact find says Mr and Mrs H didn't want to port as this would result in having two parts to the mortgage and they'd prefer to pay the ERC of £1,500. There's no mention of the interest costs. In mid-2024 PRIMIS set out the "perks" of porting versus remortgaging. It mentions the cost of the ERC, but didn't mention the difference in the interest costs.

The overall cost of Mr and Mrs H remortgaging versus porting would depend on interest rates when their product expired in May 2025 – something PRIMIS couldn't predict in April 2024. But it was possible to calculate the relative costs over the first year. This was likely to be about £11,500. PRIMIS says Mr and Mrs H were happy to pay the costs to avoid having two accounts on different products. I'm not persuaded that PRIMIS ensured that Mr and Mrs H were fully aware of the costs involved in remortgaging, so that they could make an informed decision.

PRIMIS says it relied on information provided by Mr and Mrs H, who regularly used their lender's app to check their mortgage. It says Mr and Mrs H didn't provide documents for their existing mortgage.

Mr and Mrs H say they provided all of the information requested by PRIMIS. I find it unlikely that Mr and Mrs H declined to provide mortgage documents, or gave PRIMIS incorrect information about the ERC and the interest rate. I can't see why they'd do so. It's more likely that PRIMIS didn't ask for the information, or that Mr and Mrs H didn't have this information to hand when they met with PRIMIS. That would explain why the mortgage adviser didn't enter details of the mortgage in the fact find.

PRIMIS should have followed up after the meeting and asked for the information. Mr and Mrs H could easily have provided the information – this was set out on their annual mortgage statement. I haven't seen evidence that PRIMIS asked Mr and Mrs H for this.

PRIMIS says it discussed the cost of remortgaging with Mr and Mrs H. But it can't have given them correct information about this. It didn't have the information it needed to calculate the costs. As a result, it didn't ensure Mr and Mrs H had the information they needed to make an informed decision on a timely basis whether to port their mortgage or apply for a mortgage elsewhere.

PRIMIS recorded (incorrectly) in the mortgage application form that Mr and Mrs H's current interest rate was 2.6%. Even if Mr and Mrs H had told PRIMIS the interest rate was 2.6% and the ERC was £1,500 (and I don't think they did), the cost to Mr and Mrs H over the first year after remortgaging would have been about £4,000. I haven't seen anything to suggest PRIMIS told them this before they made a decision whether to port or apply elsewhere.

PRIMIS told Mr and Mrs H there would be costs and inconvenience involved in having two parts to their mortgage on different products. I think that's right, as they'd have to arrange products switches more often, they might incur more product fees and it might be more difficult for them to remortgage without paying an ERC. I don't think it was unfair for PRIMIS to explain this to Mr and Mrs H. But it also needed to explain the real costs involved in not porting.

I don't think PRIMIS gave Mr and Mrs H good advice. It recommended they take out a new mortgage despite this having significant costs. And it failed to explain these costs to them, so they could make an informed, effective and timely decision.

The mortgage offer says Mr and Mrs H paid a brokers' fee of £595 to PRIMIS. An email from PRIMIS to Mr H in April 2024 says since this had become a remortgage it would charge a fee of £199. It said it wouldn't have charged a fee for porting. It seems if Mr and Mrs H paid a brokers' fee this was because they were remortgaging rather than porting.

Should Mr and Mrs H have known the ERC was £7,500 from the outset?

Mr and Mrs H's mortgage lender sent them a mortgage offer in 2020 which set out the ERC. It also sent them annual mortgage statements which set out the ERC. Most likely this

information was available on the lenders App. Mr and Mrs H could have called their lender to ask what the ERC would be if they repaid their mortgage. PRIMIS is right that Mr and Mrs H's lender had given them information about the ERC.

PRIMIS should have asked Mr and Mrs H for these documents, or suggested they check the ERC with their lender. If Mr and Mrs H didn't have this information to hand during the fact find PRIMIS ought to have asked for it afterwards. Mr and Mrs H say the broker told them the ERC would be 1% as they were in the last year of their product. They relied on this instead of checking with their lender, or the documents they'd received from the lender.

It was finding out about the ERC that alerted Mr and Mrs H to the possibility that applying to a new lender was more costly than they'd expected. But this wasn't the only problem with the advice they'd been given. PRIMIS didn't explain the additional interest costs to them.

Mr and Mrs H could have checked the actual ERC they'd need to pay, rather than rely on what they'd been told by PRIMIS. No doubt they regret not doing so. But I don't think this makes it fair and reasonable for PRIMIS to say it wasn't responsible for the poor advice and incorrect information it gave Mr and Mrs H, or for them relying on its advice.

Should Mr and Mrs H have made a porting application in mid-2024?

In June 2024 Mr and Mrs H discovered the ERC was 5% of the outstanding balance, totalling about £7,500.

Mr and Mrs H weren't legally bound to complete their sale and purchase until they exchanged contracts. They exchanged contracts on 1 July 2024. So PRIMIS is correct that Mr and Mrs H decided to proceed in late June 2024 knowing they'd have to pay the ERC. But I think it's fair and reasonable to take into account the circumstances in which they made this decision.

Mr and Mrs H found out about the ERC on 24 June 2024 and told PRIMIS the same day. This was eight working days before the agreed completion date of 4 July 2024.

Later that week, PRIMIS checked affordability with Mr and Mrs H's lender, gave them the available interest rates for the additional borrowing and set out the pros and cons of continuing with the mortgage offer they had or making a porting application. PRIMIS gave Mr and Mrs H the option to make a porting application, which it said was now the better financial option taking the ERC into account.

Mr and Mrs H say they spoke to the lender which told them a porting application would take at least three weeks. PRIMIS says it would have been able to reduce this if it had dealt with the application.

At the same time, Mr and Mrs H's solicitor asked the sale and purchase chain if they were willing to delay completion or share the cost of the ERC. There wasn't agreement to share the cost of the ERC. The sellers of the property Mr and Mrs H were buying said they wanted to complete on 4 July 2024 rather than wait for a new mortgage offer with the potential uncertainty of this not being issued.

On 28 June 2024 Mr and Mrs H told PRIMIS they'd proceed with the mortgage offer they had, as the other parties weren't willing to delay. This was four days after they'd found out about the ERC, and only one working day before exchange of contracts and four working days before completion.

Mr and Mrs H were in a difficult position. They say this was their dream home. They'd been

looking for a property for some months. They'd spent money on legal fees and a survey. They wanted to know which school their child would go to. Completion had already been delayed from May 2024. They were sympathetic to the other people in the chain, who were in the same position or were in temporary accommodation.

Mr and Mrs H had little time in which to make a decision. There's nothing to suggest a porting application wouldn't have been successful, but this is always a risk. Starting a porting application in the week before the agreed completion date would have delayed completion and might have caused the sale and purchase chain to break. In the circumstances, I think it was reasonable for Mr and Mrs H to decide to go ahead with exchange of contracts on 1 July 2024. They were only in this position because PRIMIS failed to give them the information they needed in good time for them to make an informed decision.

Mr and Mrs H say they wouldn't have chosen to apply for a mortgage with a new lender if they'd known the ERC was £7,500. I think it's unlikely that they'd have done so if they'd also known that they'd also pay about £4,000 more in interest over the first year.

Putting things right

Mr and Mrs H incurred significant costs when they took out a new mortgage rather than porting. These costs include the ERC (about £7,500), additional interest over the first year of the mortgage (about £4,000), and a brokers' fee to PRIMIS (£199).

I think it's fair for PRIMIS to compensate Mr and Mrs H for these costs which would have been avoided if Mr and Mrs H had ported their mortgage. I don't think there was a financial benefit to Mr and Mrs H in taking out a new mortgage, so there's nothing that should be offset against these costs. We can't know whether Mr and Mrs H will make savings in future as a result of having one rather than two interest rate products. That will depend on changes in interest rates.

PRIMIS should calculate and pay compensation as follows:

1. The amount of the ERC paid by Mr and Mrs H plus interest at 8% simple from the date the mortgage completed to the date of settlement.
2. The amount of additional interest Mr and Mrs H paid between the date the mortgage completed and the date their old interest product was due to expire (3 May 2025). It should calculate this on the basis their old interest rate product applied to the previous mortgage balance and a rate of 5% applied to the additional borrowing. It should add interest at 8% simple from the date each payment was made to the date of settlement.
3. Refund any brokers fee paid by Mr and Mrs H, with interest at 8% simple from the date the fee was paid to the date of settlement.

I asked PRIMIS to provide a copy of its calculations to us in response to my provisional decision, and to ask for any information it needs to carry out the calculations. This was to avoid the risk of delays and further dispute between the parties after my final decision. It's unfortunate that PRIMIS didn't do this. It should carry out the calculations fairly and provide a copy to Mr and Mrs H.

If PRIMIS deducts tax from the 8% interest, it should provide a tax certificate to Mr and Mrs H, if they ask for one.

PRIMIS offered £500 compensation to Mr and Mrs H. I think this matter did cause them worry and inconvenience that warrants compensation. They had to make a difficult decision

whether to continue and pay the additional ERC costs or risk the sale and purchase chain falling apart, and had only a short time to do so. While Mr and Mrs H were able to complete despite the unexpected cost of the ERC, this left them short of funds they'd intended to use for decorating and furnishing their new home. I think for the inconvenience, worry and upset this caused £500 is fair and reasonable.

My final decision

My decision is that I uphold this complaint. I order First Complete Limited trading as PRIMIS Mortgage Network to do the calculations (and provide a copy to Mr and Mrs H) and pay the compensation as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs H and Mr H to accept or reject my decision before 16 October 2025.

Ruth Stevenson
Ombudsman