

## **The complaint**

Mr and Mrs L complain that Hollybeck Limited misled them about the interest rates available on a lifetime mortgage.

## **What happened**

Mr and Mrs L have a lifetime mortgage with a lender I'll call M. It was originally taken out in 2022, following advice from Hollybeck. Mr and Mrs L borrowed £100,000 at a fixed interest rate of 4.06%. In addition to the initial borrowing, there was a further drawdown facility.

In July 2023, Mr and Mrs L applied for further borrowing. They were unhappy with the interest rate offered, and with the time it took M to process their application. In the end they didn't take any further borrowing. M paid them £250 compensation in recognition of the delay.

In March 2024, Mr and Mrs L got in touch with Hollybeck to ask about further borrowing. They say Hollybeck told them the interest rate for further borrowing would be 6.74%, but when they checked with M it told them the rate was 7.04%. In fact, the rate M offered was 8.19%. M said it had given incorrect information when Mr and Mrs L first asked, and the lower rate was never available to them. It paid them £1,500 compensation in recognition of the upset caused.

Mr and Mrs L brought their complaint to us. They said Hollybeck had told them that the rate available to them was 6.74% and they said that M should honour that. They said that the mortgage wasn't suitable for them because they had been misled about the available interest rates. One of our investigators said that M had made a fair offer for the inconvenience caused by initially giving them wrong information about the interest rate. He said that M hadn't sold the mortgage so any complaint about whether it was suitable for them should be made to Hollybeck.

Mr and Mrs L then complained to Hollybeck. They said it hadn't advised them that the interest rates on future drawdowns could be much higher than the rate of the initial borrowing. They now can't take further borrowing, which they need for work on their property, but are stuck with the mortgage with M.

Our investigator didn't think Hollybeck had done anything wrong. So Mr and Mrs L asked for an ombudsman to review their complaint.

## **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.

In doing so, I've also taken into account the evidence on the previous complaint against M to help understand what has happened in this case.

M, like many lifetime mortgage lenders, has a range of different products available. These

can change from time to time. And interest rates can also change from time to time – depending on, among other things, the cost to lenders in raising the funds to lend.

Mr and Mrs L's mortgage was taken out in 2022. The wider economic climate was different at that time. It was before the 2022 mini-budget, with its impact on the cost of mortgage borrowing, and before increases in the Bank of England base rate. Mortgage lending across the whole mortgage industry has got more expensive since then.

With that in mind, it's not surprising that the interest rates M was able to offer in 2024 were higher than the rates it was able to offer in 2022.

M explained that it initially made a mistake in 2024. The lower rate that was quoted was an interest rate for a product it had available at that time – this was a different product to the one Mr and Mrs L had taken out in 2022, which had a similar name (hence the confusion). It explained that the rate first quoted was for the newer product, but that wasn't available to Mr and Mrs L because it had a lower loan to value range than the old product Mr and Mrs L were on, and the amount they wanted to borrow was too high for the loan to value on the new product.

M said Mr and Mrs L could take further borrowing on their existing product, up to the drawdown limit in the offer. But that would be at the interest rates appropriate to that product and loan to value – which was the 8.19% offer M issued. In the other complaint, our investigator said that M wasn't required to honour the rate it had initially mis-quoted, and he also said that M's offer of £1,500 compensation was fair. I won't be re-opening that complaint here.

Hollybeck accepts that it quoted the wrong rate to Mr and Mrs L when they first enquired about it. It did so because it had been given incorrect information by M itself – for the same reasons Mr and Mrs L were when they checked a couple of days later; there was confusion between the similar named products. So Hollybeck did initially give Mr and Mrs L incorrect information about the interest rates available to them. However, it did so in good faith, relying on what M had told it. And this didn't cause Mr and Mrs L any financial loss or detriment, because M quoted them the correct rate a few days later. I appreciate Mr and Mrs L were very disappointed about this, but they've already had substantial compensation for that from M. As the mistake wasn't Hollybeck's fault, I don't think it would be fair to require Hollybeck to pay them further compensation.

I've also thought about whether any of this meant that the initial advice Hollybeck gave in 2022 was unsuitable or inappropriate. But I don't think it was. I've not seen any evidence that Hollybeck told Mr and Mrs L that they would always be able to borrow more at the same interest rate. The mortgage offer from M says:

You can apply direct to [M] for further borrowing of the remaining amount of this facility without further financial advice. This borrowing is not guaranteed and will be based on the terms available from [M] at the time.

...

Any such further borrowing will be subject to the interest rate available from [M] for new borrowing on this product at the time you apply for the further borrowing. This interest rate may be more or less than your initial interest rate. The Offer that we give to you at the time of any cash advance will set out the interest rate for that cash advance.

At the time of the advice, in 2022, it wouldn't have been possible to have predicted what has

happened with interest rates since. At the time of the advice, Mr and Mrs L wanted an initial lump sum, with the ability to take more borrowing later – rather than taking more than they needed at the start, paying more interest on a higher balance. This was a reasonable decision to take. It's very unfortunate that interest rates have gone up in the meantime, making further borrowing more expensive than it would otherwise have been. But that was always the risk being taken in deferring the extra borrowing. It was clear to Mr and Mrs L from the start that future borrowing would be based on interest rates at the time, not interest rates in 2022. I'm not persuaded that this meant that Hollybeck gave unsuitable advice in 2022.

### **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 Mr L and Mrs L to accept or reject my decision before 12 November 2025.

Simon Pugh  
**Ombudsman**