

The complaint

Mrs J's complaint arises from an equity release lifetime mortgage she took out in 2022 with Stonehaven UK Ltd trading as Canada Life.

Mrs J says that she was never given advice by her mortgage broker, and that the solicitor “*sped*” through the documentation, failing to explain to her that an early repayment charge (ERC) would apply if she wanted to move house. Mrs J is also concerned that Canada Life paid commission to the mortgage broker, because she feels this meant the broker was acting in the best interests of Canada Life rather than herself.

To settle the complaint Mrs J wants Canada Life to waive the ERC so she can move house.

What happened

In 2022, after taking advice from her own Independent Financial Adviser (IFA) and her own solicitor, Mrs J took out an equity release lifetime mortgage with Canada Life. Prior to taking out the mortgage Mrs J's IFA provided her with an illustration showing how the mortgage operated.

In common with this type of mortgage, no monthly repayments are required; instead interest rolls up into the account balance and is compounded over the term of the mortgage. If Mrs J wanted to move house during the first eight years of the mortgage, a full or partial ERC might apply, depending on whether or not all or part of the mortgage was ‘ported’ (transferred) onto the new property, and contingent on the value and suitability of the new property. Details of the ERC are set out in the illustration.

An application was submitted to Canada Life for the mortgage. The mortgage offer dated 2 December 2022 repeats the information set out in the illustration about how the mortgage operates, including the ERC, and further details are provided in the terms and conditions. The offer also explains that, if Mrs J takes out the mortgage, Canada Life will pay her IFA £3,250. Prior to taking out the mortgage, Mrs J was required to take advice from her own independent solicitor.

In 2025 Mrs J raised a complaint about the mortgage, because she wanted to move house and had been told by Canada Life that the ERC may apply. She said that no advice had ever been given to her about the ERC, or indeed about the mortgage at all.

Canada Life didn't uphold the complaint, saying in its final response letter that it hadn't provided Mrs J with any advice – that had been the role of her IFA and solicitor. Dissatisfied with Canada Life's response, Mrs J contacted our service.

In addition to her concerns about the ERC, Mrs J was also unhappy that Canada Life had paid the broker a fee for arranging the mortgage. She felt this had led the IFA to act in the best interests of Canada Life rather than her own best interests. Mrs J said she was vulnerable, that she'd not received any documentation about the mortgage, and was concerned that because she lived in a rural area this documentation had gone astray.

An investigator looked at what had happened but didn't think the complaint should be upheld. Mrs J disagreed and asked for an Ombudsman to review the 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.

I note Mrs J has also raised a complaint against her IFA, which, if she refers it to our service, will be dealt with separately. This decision concerns only the complaint against Canada Life.

Advice: I'm satisfied Canada Life wasn't required to provide Mrs J with advice about this mortgage. Mrs J had her own IFA and solicitor, whose roles were to advise her about the suitability of the mortgage, the terms and conditions, and the implications of entering into it.

Canada Life's responsibility extended to ensuring that the mortgage documentation set out the details of the mortgage, to be read in conjunction with the terms and conditions. I'm satisfied the mortgage offer clearly explains how the mortgage works, including the roll-up of interest over the years, and the ERC.

I've noted what Mrs J has said about the unreliability of her mail delivery, which she believes may explain why she never received any documentation about the mortgage and/or the advice she was given by her IFA and solicitor. However, Canada Life would not have released the funds without a signed mortgage deed, and so I'm not persuaded that Mrs J never saw any documentation whatsoever about the mortgage. If Mrs J is having problems with mail delivery, that's something she'll need to take up with Royal Mail.

Because Canada Life wasn't responsible for the advice given to Mrs J, I don't uphold this part of the complaint.

ERC: The mortgage offer from Canada Life and the illustration provided to Mrs J by her IFA explain clearly that an ERC may be payable, and how this would be calculated. I note Mrs J says she wasn't told about an ERC or given any explanation of this, but as explained above, that wasn't the responsibility of Canada Life.

I appreciate Mrs J would like Canada Life to waive the ERC so she can move house without needing to pay it. However, the ERC is a contractual term to which Mrs J agreed as a condition of taking out the mortgage. I'm not persuaded it would be fair or reasonable to expect Canada Life to waive the ERC simply because Mrs J doesn't think it's fair to pay it. If, as Mrs J says, she wasn't given any advice about the ERC, that's something she'll need to take up with her IFA and her solicitors. I therefore don't uphold this part of the complaint.

Commission: It's common for a provider of financial services to pay commission to brokers who introduce certain types of business to that provider. There is nothing wrong or untoward about this; indeed, it can work in the consumer's favour. Commission is the standard way many mortgage brokers are compensated for their work in sourcing, arranging, and facilitating a loan, often allowing them to offer "free" services to the consumer. The regulations state that commission has to be disclosed, as it was in this case.

An IFA is running a business and if commission wasn't paid by financial services providers, the IFA would have to look to the consumer to cover their overheads and expenses. I don't know if Mrs J was also charged a fee (the broker's website suggests it doesn't charge its customers for arranging a lifetime mortgage), but that would be a matter between her and her IFA; it has nothing to do with Canada Life or the arrangement of this mortgage.

Because I'm satisfied there was nothing untoward in Canada Life paying commission to Mrs J's IFA, I don't uphold this part of the complaint.

I appreciate this isn't the outcome Mrs J was hoping for, but I'm not persuaded it would be fair or reasonable for Canada Life to waive the ERC in circumstances where it's done nothing wrong.

My final decision

My final decision is that I don't uphold this complaint.

This final decision concludes the Financial Ombudsman Service's review of this complaint. This means that we are unable to consider the complaint any further, nor enter into any discussion about it.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs J to accept or reject my decision before 5 March 2026.

Jan O'Leary
Ombudsman