

## **The complaint**

Miss J complains about the service Dynamo Mortgages Limited gave her when it advised on and arranged a mortgage for her.

## **What happened**

Miss J took advice from Dynamo about four properties with a view to arranging mortgages – three buy to let properties and her residential property. She originally complained to us about all four mortgages. Another ombudsman has already decided that we can only consider the complaint about the residential mortgage, because advising on and arranging buy to let mortgages is not an activity that comes within our jurisdiction. In this decision, therefore, I am considering only the complaint about the residential mortgage and the associated service Dynamo provided.

In 2024, Miss J agreed to instruct Dynamo to advise on and arrange a residential mortgage for her. Dynamo arranged a mortgage with a lender I'll call V. The loan was for around £144,000 on repayment terms over 24 years. It came with an initial fixed rate of 4.65% for five years, until December 2029.

Miss J complained. She said:

- She had not initially approached Dynamo herself but had been the subject of unsolicited contact, in breach of Financial Conduct Authority (FCA) regulations.
- She told Dynamo who her preferred solicitor that she wanted to use for the mortgage was. But Dynamo appointed a different firm, which I'll call T, to act for her without her consent. She suspects that this was because T or V paid Dynamo a commission for the referral. T's website says it pays referral fees, on average £150 per instruction.
- T caused delay in completion of the mortgage, resulting in additional costs because Miss J spent longer than necessary on her old mortgage at a higher interest rate. T's delay resulted in Miss J ending up cancelling the mortgage and looking for a replacement lender.
- The payment of commission to Dynamo by V created a conflict of interest. Dynamo may have been incentivised to recommend V because of the commission rather than because it was the most suitable lender for Miss J. Miss J believes that other lenders may have had more competitive interest rates available, but Dynamo failed to inform her of these other options.
- Dynamo charged Miss J a fee up front, which was payable whether or not a mortgage application was successful. This creates a conflict of interest and incentivises it to secure a client, not to source the most suitable mortgage.
- After the offer from V was issued, V reduced its interest rates. Yet the offer remained unchanged, despite Miss J questioning this with Dynamo.

Dynamo said that before V would accept an application, a solicitor had to be named. Around the time of the application, V announced that it was about to increase its interest rates. In order to secure the lower rate before it was withdrawn and replaced, Dynamo had to submit the application – which meant naming a solicitor. In order to secure the rate, therefore, it put T's name on the application. T was a firm it had worked with before and knew was a good firm. But there was no obligation on Miss J to actually use T, and it had explained that to her at the time. T's name was originally only included essentially as a placeholder to ensure the application could be submitted before interest rates increased. Dynamo said it had received no referral fee, commission or other incentive from T.

Dynamo said it was paid commission by V. This was declared in the illustration so Miss J could take it into account. But that wasn't the reason it recommended V. It did so because that was the most suitable mortgage for her. It made no difference to the commission received from V which of its interest rates Dynamo recommended. It said that the five year fixed rate was lower than a two year fixed rate, and Miss J would not have passed affordability on a two year rate. In any case, this specific product only included an early repayment charge (ERC) for two years even though the rate was fixed for five – so Miss J was only tied in for two years. This met with her requirement for flexibility whilst also giving her longer term stability and ensuring the mortgage was affordable.

Our investigator didn't think the complaint should be upheld. He said that Dynamo had provided suitable mortgage advice. It hadn't required Miss J to use a particular solicitor, and it had declared the commission it received from V in line with the rules.

### **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.

As the previous ombudsman explained, advice on and arranging buy to let mortgages is not a regulated activity that falls within the jurisdiction of the Financial Ombudsman Service. So in this decision I will only be considering the regulated advice Dynamo gave on the residential mortgage Miss J wanted to arrange.

Miss J says that her contact with Dynamo began in 2018 when she received an unsolicited email from a related firm responding to "an enquiry about buy to let finance". Miss J hasn't provided a copy of that email. But in any case I don't think it's relevant to this complaint. A response to an enquiry is not an unsolicited email equivalent to cold-calling. And regardless of what happened in 2018, the evidence shows that this mortgage advice came about because Miss J got in touch with Dynamo asking for advice – not the other way round.

In giving mortgage advice, Dynamo was required to recommend a mortgage which was suitable for Miss J's needs and circumstances (or, if there was no suitable mortgage available, not make a recommendation). I'm satisfied it did that. Miss J wanted to re-finance a previous buy to let mortgage, converting it to residential, and on a repayment basis.

In doing so, Miss J was at the margins of what was affordable. The term had to be extended from 21 to 24 years. In considering affordability, a lender is required by the rules of mortgage regulation to consider the impact of future interest rate rises – unless a fixed rate for five years or more is taken. For that reason, two year fixed rates and tracker rates weren't affordable. But a five year fixed rate was.

At the same time, Miss J thought that interest rates might fall, and so she didn't want to be tied in and not be able to get the benefit of that if it happened.

The mortgage Dynamo recommended was a five year fixed rate, but with an ERC for two years only – meaning that Miss J was only tied in for two years. I'm satisfied that this was the best mortgage available to meet her requirements. A five year fixed rate was required for affordability reasons, or there would have been no mortgage at all. But a shorter two year tie-in meant that she had additional flexibility. I'm therefore satisfied that this mortgage was suitable for Miss J's needs and circumstances (which is the test in the rules of mortgage regulation). It struck a reasonable balance between what she wanted (her needs) and what was available to her (her circumstances).

It's true that, if the mortgage had completed, Dynamo would have been paid commission. But the payment of commission (sometimes called incentives, or procuration fees) is permitted by the rules of mortgage regulation. It's a standard feature of the mortgage market. It means that brokers are paid partly by lenders, meaning less of their costs are passed on to borrowers in the form of higher advice fees. The rules of mortgage regulation permit the payment of commission, provided it's transparently declared. I can see that the illustration clearly sets out that if the mortgage completes Dynamo would be paid £719.72 – as the rules require. This means that Miss J was made aware of the commission and could take it into account in deciding whether or not to accept Dynamo's advice. I've seen no evidence that this figure was incorrect, or that there was additional commission that was not declared. I'm not therefore persuaded that this made Dynamo's advice unsuitable, or meant it acted unfairly.

The interest rate was fixed, and was secured on application. Miss J later asked if the rate would be reduced, as she thought wider interest rates were reducing. The only way to change the rate was to decline the offer and make a new application. The rates on Miss J's buy to let mortgage offers reduced, but that was because they were tracker rates not fixed rates – I would not expect a lender to change a fixed rate, either increasing or reducing it, once it has been secured. I've seen that Dynamo explained that the interest rate on this mortgage was fixed and wouldn't change. I don't think there was any unfairness here either.

Miss J also complains about the choice of solicitors. She says that Dynamo put T on the application without her consent, and then told her she had to use T. But that's not what the evidence shows. Dynamo says, and I accept, that a solicitor needed to be put on the application before V would accept it, and that it was urgent to submit the application before the rate was withdrawn and no longer available. Submitting the application secured the rate. It might have been better to have made sure Miss J's choice was included. But I can understand why that might not have been possible if time was of the essence, because Miss J wasn't always available or responded to emails immediately.

I've seen emails where Dynamo made clear that naming T was just to get the application in, that Miss J was not obliged to use T, and that she could switch to her own solicitor at any time. V offered cashback of £250 to help with legal fees. Miss J says this meant she couldn't move away from T or she would lose the cashback. But that's not correct. The cashback was payable on completion whichever solicitors she used. Dynamo did not suggest otherwise.

I don't therefore think that Dynamo acted unfairly in naming T on the application. There was good reason to do so, and doing so did not commit Miss J to using T. She could have decided to instruct her own solicitors at any point.

Dynamo says it received no referral fee or commission from T. I've seen no evidence of any commission being paid. T's website says that it pays referral fees in some cases. But that page relates to property sales, not re-mortgaging. And it also says that if it pays a referral fee in any individual case it would set that out in a client care letter. Miss J hasn't shown us a client care letter confirming a referral fee was paid, and I don't think an extract from its website saying that it sometimes pays them is evidence that it did so in this case. Therefore

there's no basis on which I can find that T did receive a referral fee, let alone that any referral fee influenced its decision to name T on the application. As I've said, Dynamo made clear to Miss J that she was under no obligation to actually use T.

I understand Miss J is unhappy with the work that T did. She says it caused delay and wasn't easy to deal with. I'm afraid that's not something I can deal with, as I have no jurisdiction over the work of solicitors. I see Miss J has complained to the Solicitors Regulation Authority. She may also wish to contact the Legal Ombudsman.

In summary, then, I don't think I can fairly uphold this complaint. I'm satisfied that Dynamo recommended a suitable mortgage for Miss J. I'm not persuaded it acted unfairly.

### **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 Miss J to accept or reject my decision before 15 December 2025.

Simon Pugh  
**Ombudsman**