

## **The complaint**

The estate of Mrs C has complained about a lifetime mortgage Mrs C held with Standard Life Lifetime Mortgages Limited. The estate has said the mortgage was mis-sold.

## **What happened**

The lifetime mortgage was taken out in May 2000 by Mr and Mrs C. They applied for the mortgage through an independent mortgage broker, and the mortgage was taken out with Northern Rock. The mortgage was later transferred to another lender, and then in 2024 it was passed to Standard Life.

When Mr C passed away the mortgage was held in just Mrs C's name. Mrs C passed away in March 2025 and, soon after, her estate raised a complaint about the advice given to take out the lifetime mortgage.

Standard Life said it wasn't responsible for the advice given. It said Mr and Mrs C had received advice about the lifetime mortgage from an independent mortgage broker and the broker would normally be responsible for dealing with such a complaint, however if the broker was no longer trading the estate could enquire with the Financial Services Compensation Scheme about the possibility of submitting a claim.

The estate referred the complaint to our service, saying it had only become aware of the issue in the last year when the financial status of the estate was reviewed. The estate said the original advice failed to explain the long-term costs, alternatives or suitability of the mortgage. It said Mr and Mrs C wouldn't have understood the mortgage would erode the equity to the extent it did. The estate said it wanted us to look at whether the lender was liable as it "allowed their 'agent' [name] to sell the loan on their behalf".

Our Investigator said the lender (Standard Life, and previously Northern Rock) wasn't responsible for the advice given. He said any complaint about the suitability of the mortgage, and the advice given about it, would need to be made to the broker directly.

The estate didn't accept our Investigator's findings and so it has been passed to me to decide.

## **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.

When considering what is fair and reasonable in all the circumstances of this case, I'm required by DISP 3.6.4R of the FCA Handbook to take into account the relevant law, regulations, and good industry practice, when reaching my decision.

I've given careful consideration to all the submissions made, but I won't address each and every point that has been raised. I'll focus on the matters that I consider most relevant to how I've reached a fair outcome. Having done all that, I don't think this complaint should be

upheld. I realise this will be disappointing for the estate of Mrs C, but I hope the reasons I have set out below will help them to understand why I have come to this conclusion.

Under our rules we can consider a complaint from a consumer. Mr and Mrs C were consumers and so met the definition of an 'eligible complainant' set out in our rules. Following Mr C's death, Mrs C became the sole eligible complainant and following her death, the eligibility to complain vested in her estate. The rules say that a complaint may be brought on behalf of an eligible complainant by a person authorised by the eligible complainant (such as a solicitor, accountant or financial adviser), or by a person authorised by law (such as a trustee, guardian or executor). In relation to this particular complaint, the executors are bringing it on behalf of the late Mrs C's estate.

The role of the executor is to bring the complaint on the estate's behalf, in the same way that other consumers might instruct a solicitor or accountant to represent them in a complaint. But this does not entitle the executors to air their own grievances about the lifetime mortgage, because they are not the customer in relation to this particular product. Mr and Mrs C didn't complain about being sold the equity release mortgage during their lifetimes, so there is no specific complaint from them about it. Given this, I have looked at what the estate has said it thinks Mr and Mrs C's understanding of the product would have been and why it feels it was therefore mis-sold.

The mortgage advice was given in 2000, before mortgage regulation came into effect on 31 October 2004. The mortgage advice was covered by the Mortgage Code (a voluntary code of practice for mortgage lending and advice), and this is confirmed in the documentation compiled at the time.

The estate has said that the mortgage broker was acting as an agent of the lender, but that isn't the case. The businesses in question just didn't have that relationship.

The broker was an independent company that Mr and Mrs C appointed to act on their behalf in giving advice and making an application. The broker could have discussed and recommended mortgages from other providers; the fact it recommended a Northern Rock mortgage over any other lenders' mortgages didn't make them Northern Rock's agent, or indicate they were acting on behalf of Northern Rock. There was no requirement at that time for Northern Rock to check the suitability of the advice. And even though Northern Rock designed the product, controlled its features and benefitted financially from it (as stated by the estate), that doesn't make it liable for the advice given by an independent mortgage broker about the suitability of that product for Mr and Mrs C's individual needs, or for the explanations (or not) given by that broker about how the product works.

The estate has also mentioned the FCA principles and MCOB rules. But as I've explained, this mortgage was taken out in 2000 before mortgage regulation came into effect and so I can't consider either the FCA principles or the MCOB rules as they aren't applicable to the sale of this mortgage. The same applies to the Consumer Duty as also mentioned by the estate. Consumer Duty didn't come into force until July 2023 (for live products, and July 2024 for closed products) and so I can't consider the provisions set out in the Consumer Duty when looking at something that happened over 20 years before, in 2000.

The estate has said that Standard Life (and the previous loan owners) had an ongoing responsibility to ensure Mrs C fully understood the terms, risks and implications of the mortgage after the death of Mr C. That's not the case. The onus is on the customer to know what they have and how it works, and to proactively ask for advice if they need it. It's not the lender's responsibility to monitor the account and approach a customer with unsolicited advice or information in the way the estate has said. The broker was responsible for making sure Mrs C fully understood the terms, risks and implications of the mortgage before she

took it out. If she required any further information about that after the death of Mr C then she needed to either approach an independent broker, or the lender directly, to ask for it.

Northern Rock issued a mortgage offer, and when looking at the mortgage offer, I can't use as my reference point the standards that are in place today. I have to consider what was considered good practice at the time the mortgage was taken out; that was in 2000, several years before mortgage regulation was introduced. An illustration would also have been issued by the mortgage broker as part of their responsibility to explain the product to Mr and Mrs C, and if the estate thinks an illustration wasn't issued, again that would be a complaint against the broker, not against the lender. Northern Rock (and then the subsequent lenders) then sent annual statements which showed the amount of interest that had been added to the debt that year, the interest rate, and the opening and closing balances so Mr and Mrs C were kept informed as to how the interest roll up was working in terms of the balance increasing and their equity therefore reducing.

I appreciate that it must have come as an unwelcome shock to the family to learn that there was a large debt owed to the lender after Mrs C passed away. But for all the reasons given above, I can't uphold a complaint against Standard Life that the mortgage was unsuitable and mis-sold as it didn't give the advice.

### **My final decision**

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask the estate of Mrs C to accept or reject my decision before 2 December 2025.

Julia Meadows

**Ombudsman**