

The complaint

Mr R complains that Evolution Money Limited mis-sold a secured loan to him.

What happened

In 2022, Mr R took out a third charge mortgage. It was for £9,000 plus a product fee of £900 and a lender fee of £499 repayable over ten years on a variable interest rate of 22.71%. The loan was recommended to him by Evolution.

Mr R complains that the mortgage was mis-sold, for a number of reasons, including:

- He was not properly made aware that the loan would be secured against his home and that he was entering into a legal charge that this would change his financial profile.
- The loan was sold less than a month after he'd bought the property. Evolution ought to have identified he was in a vulnerable financial position.
- Evolution's communication lacked transparency and he wasn't given sufficient information to understand the risks, including that most of his payments have gone towards the interest, rather than the capital balance.

The investigator did not think the complaint should be upheld.

Mr R did not accept what the investigator said. He responded to make a number of points, including:

- MCOB required Evolution to have regard for facts disclosed by him and other relevant facts which it was or reasonably should have been aware of. A suitable recommendation can't only be judged against his stated objectives. It ought to have taken into account, the increased risk of securing previously unsecured debt, the fact the borrowing was in breach of the terms of his help-to-buy loan and that the loan pushed him into negative equity.
- The investigator had accepted that by taking the loan he was likely in breach of the terms of his help-to-buy loan. Even if there was no financial loss there was a breach of contractual obligations and an exposure to risk of enforcement. And that meant it could not have been suitable advice.
- The investigator said unsecured borrowing was unlikely but not impossible and taking additional borrowing on his first charge mortgage would not have met his objectives. But MCOB said Evolution should have considered whether other types of finance were appropriate. It had a duty to offer him "safer" alternatives even if less convenient, rather than steering him to its own product.
- The investigator had accepted the phone call with Evolution felt like a sales call rather than advice. That supports his concern the process was not objective or transparent. Evolution was required to act in his best interests not simply push the product that

matches his objectives

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.

This complaint is about the advice given by Evolution. I have already made a decision about the fairness of the decision of a linked but separate business to give Mr R the loan.

MCOB is relevant here. It sets out the rules that apply to giving mortgage advice. That is the service Evolution gave to Mr R. The rules set out that Evolution should take reasonable steps to ensure that the mortgage was suitable for Mr R. To determine whether the mortgage was suitable then Evolution had to consider whether it was appropriate for his needs and circumstances on the facts disclosed by Mr R and other relevant facts that it knew or ought to have known.

Mr R told that Evolution that his objectives were to reduce his outgoings, to get the amount of borrowing he needed and the length of the term. I consider the mortgage that Evolution met all those objectives.

By consolidating his debts, Mr R met his objective to reduce his monthly outgoings, Evolution explained that Mr R would pay back less if the term of the mortgage was shorter and that Mr R should take as short a term as he was comfortable with. It is clear from the phone call that Mr R understood that. But his priority was to keep his payment low.

Mr R said that his wider circumstances, that Evolution knew or should have known meant the loan was unsuitable for him. Where a customer is consolidating debt, MCOB required Evolution to take account of the costs associated with increasing the period over which the debt is to be repaid and whether it was appropriate to secure previously unsecured debts. I am satisfied Evolution did that.

For example, in both a phone call and the recommendation letter Evolution said that by securing previously unsecured debts the debt was now secured against Mr R's home and that while it might reduce his monthly outgoings, the overall cost of repaying the debt would be higher. I think that shows Evolution did think about the risks of securing previously unsecured debt. And I do not consider that made the loan unsuitable.

I do not consider whether the loan put Mr R in negative equity is really relevant to the advice that Evolution gave him. There is no specific requirement for a firm giving advice to take the loan-to-value into account and I do not consider that made the loan unsuitable, bearing in mind Mr R's overall objectives.

I can see that in some circumstances it might indicate a problem if a customer was seeking additional secured lending soon after buying their first home. But considering all of the information Evolution had, I don't consider it had any reason to think Mr R was vulnerable – and he had legitimate reasons for needing the mortgage. In the circumstances here, I don't think that made the advice unsuitable.

In regard to the other points Mr R has made. I am satisfied that Evolution set out in a clear, fair and not misleading way all of the information Mr R would need. It explained what a secured loan was and that was set out on the paperwork. It explained that it would only be offering advice on its own products and asked Mr R whether he'd explored any alternatives,

such as unsecured borrowing or against his first charge mortgage. In the circumstances here it is not clear that either of those things were viable or would have met Mr R's objectives. In any case Evolution made it clear it was only giving advice on its own products – and I've explained why overall I don't consider the advice to take the mortgage was unfair.

I agree that it could be argued that it was not suitable for Evolution to recommend that Mr R should consolidate debt when he had a help-to-buy loan. In many cases that might be a breach of the conditions of the help-to-buy loan. But even if that was poor advice, I do not see how I could fairly require Evolution to do anything. I say that as Mr R has not told us the help-to-buy lender has told him he's in breach of the loan conditions. Nor has he suffered any loss or practical impact as a result of that advice. So I do not consider Evolution needs to do anything to put that right.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 18 December 2025.

Ken Rose
Ombudsman