

The complaint

Miss R complains that the mortgage recommended by MGI Network Ltd wasn't suitable. She also complains that it didn't manage her porting application well and its fee is excessive.

What happened

Miss R contacted MGI for mortgage advice in early 2024. She says she intended to move home and to market the property for sale from mid-2024. Miss R's interest rate product was due to expire at the end of July 2024 and she wanted to keep payments low and take out extra borrowing for her purchase. Miss R said she took mortgage advice due to the complexities of her situation.

MGI recommended Miss R remortgage with a five-year fixed rate product. It says it didn't know Miss R intended to move home.

Miss R's remortgage completed in early August 2024. In October 2024 Miss R received an offer for her property and contacted MGI about porting. Miss R says the service and advice she received was poor. The lender had reviewed its lending policies and didn't agree to offer the additional lending Miss R needed over the term she wanted. Remortgaging would have meant paying an early repayment charge. Miss R says she's stuck with an unsuitable mortgage.

I sent a provisional decision to the parties explaining why I intended to uphold some parts of Miss R's complaint and order MGI to pay £300 compensation. In summary, it wasn't clear that MGI was aware that moving home was a priority for Miss R when it recommended the mortgage. But by mid-2024 it did know Miss R intended to sell her property and it could have ensured she understood the risks of remortgaging with a fixed rate product. However, I thought Miss R would still have gone ahead given her concerns about costs, the uncertainty about how long it would take to sell her property and the cost of being on her lender's standard variable rate in the meantime. Miss R didn't know the lender would change its lending policy in a way that would affect her porting application.

MGI didn't have further comments. Miss R didn't agree. She said she told MGI she needed to move home for her business, and her requests about what additional borrowing she could afford support this. Miss R says if she'd been told about the risks of porting she'd have put her property up for sale sooner. If it hadn't sold by August 2024 she'd have chosen a two-year fixed rate product, and would now only have one year left of higher payments. Miss R says she paid for a lifetime arrangement with MGI but won't continue to use them and would like a refund.

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.

Miss R contacted MGI for mortgage advice in early 2024. MGI needed to ask Miss R about her circumstances and aims so that it could recommend a mortgage that was suitable for

her.

The problems Miss R experienced in late 2024 when she wanted to move home resulted from her taking out a fixed interest rate product. As is usual with fixed rate products it included an early repayment charge (ERC). Miss R could avoid paying the ERC if she ported the product. But there's no guarantee that a lender will agree to port a product or offer additional lending. So I first need to decide whether MGI made an error when it recommended Miss R take out a mortgage with a fixed rate product.

Did MGI recommend a suitable mortgage?

Miss R says she told MGI she intended to move home. She says this was the main reason for seeking mortgage advice. MGI says this wasn't the case and Miss R's primary concern was the cost of living and affordability. It said there was a discussion about the product being portable if Miss R did want to move, but she didn't say this was a defined or imminent plan.

There isn't an audio recording of what was discussed at the meetings between Miss R and MGI. Where evidence is incomplete or contradictory, I reach my decision on the balance of probabilities – that is, what I think is more likely in the circumstances.

Miss R sent an email to MGI in early January 2024. She said her product was due to expire in August 2024 and she wanted to move house in the next few months. She wanted to look into her options. MGI replied and a meeting was arranged.

A fact find was carried out in early 2024. MGI's record of the fact find says Miss R was "*unlikely to move home for any reason within the foreseeable future*". It said Miss R wanted a fixed rate for five years to allow her to budget. Her priority was to keep initial costs low, due to concerns about interest rate movements and the cost of living. The fact find said Miss R wasn't concerned about having a product with an ERC, and the ERC was explained to her.

The suitability letter (dated mid-March 2024) says Miss R wanted to fix her mortgage costs for five years, so that she could budget as she was concerned about interest rate movements. It said Miss R indicated she was "*unlikely to move home within the foreseeable future (say within 3 to 7 years)*". It said there was an ERC if the mortgage was redeemed within five years, but Miss R had no intention of doing this and would only look to change after the product expired. The letter also said it "*may be possible to port...within the fixed term, please refer to your offer...which contains all terms and conditions relating to this mortgage*".

The suitability letter attached the mortgage illustration. This said there was an ERC. It said the product was portable, provided the conditions in the mortgage offer were met.

The mortgage offer was issued in April 2024. This said an ERC is payable if the mortgage is repaid within the product term. It said porting was possible, subject to meeting the lender's criteria and it being satisfied with her financial status at the time.

Miss R says she wasn't alerted to MGI being unaware of her plans to move as she didn't read the suitability letter at the time. She says while the documents from the lender say that porting is subject to an assessment and criteria at the time, this is something that the adviser should have told her. Miss R says she recently read the suitability letter and there are errors. For instance, it refers to her wanting a mortgage for a new build property. I agree that's an error, since she was remortgaging the property she'd lived in for some time. But errors happen and that's not enough for me to find that other parts of the fact find and suitability letter are incorrect and not a fair reflection of what Miss R told MGI during their discussions.

MGI says there was a general discussion about porting. That wouldn't necessarily alert MGI to Miss R's plan to move later that year. It wouldn't be unusual for a borrower to ask if this is an option, in case their plans or circumstances change.

Miss R provided screen shots of messages with MGI in January 2024 about the amount she could borrow based on the amount declared in her tax return. She says this is evidence they discussed her intended move. Equally though, this could have been a discussion about how much Miss R could borrow when she remortgaged

Miss R says she's taken out a number of mortgages and usually does so without advice. She says she didn't read any of the documents, other than a review of the dates, interest and payment amounts in the mortgage offer.

Miss R says she took advice because of the complexity of her situation. And yet she didn't read the recommendation letter or the other documents before deciding whether to go ahead. I think this seems unlikely. I think it's unlikely Miss R didn't read enough to be aware that there was an ERC, that porting isn't guaranteed and that MGI was recommending a mortgage on the basis she didn't intend to move in the foreseeable future. If this wasn't correct and didn't reflect Miss R's discussions with MGI, I'd expect her to raise this with MGI at the time – especially if this was the main reason she'd taken advice.

I still also find it difficult to understand why the fact find and suitability letter say Miss R didn't intend to move in the foreseeable future if Miss R told MGI that was exactly what she intended to do, and this was the main reason for her seeking mortgage advice.

However, there's other evidence that is inconsistent with what MGI recorded in the fact find and suitability letter. Miss R said in her email to MGI in January 2024 that she intended to move in the next few months. And there were messages between Miss R and MGI in mid-2024 about her doing this.

Miss R sent a message to MGI in early July 2024 asking it to check she still had the most competitive rate and also saying "*can you clarify if I sell and port my mortgage over to a new property and take out [additional borrowing] will [the lender] need to see April 24 tax return if it's before the January tax deadline*"? MGI replied to say the rate was still the best available, and she'd need to provide the 2024 tax return if the application was after October 2024.

Before the remortgage completed, Miss R told MGI she'd put her house on the market: "*house gone on the market today so will be in touch re the extra borrowing if and when it sells. Can you remind me what was my max budget?*" MGI said it would work out her maximum borrowing.

If the mortgage adviser was unaware of Miss R's plan to sell the property in mid-2024, I'd have expected him to be surprised when Miss R said she'd put her house on the market. But the adviser simply responded to Miss R's questions about available rates and her maximum borrowing. He didn't ask about her plans to move, express surprise or ask whether she wanted to reconsider re-mortgaging with a fixed rate product. I think this could suggest MGI was aware of Miss R's plans to move.

Even if MGI wasn't aware already, it was now aware of Miss R's plans to move. MGI was still advising Miss R (it said it would work out the maximum additional borrowing for her purchase). This was an opportunity for MGI to check that Miss R understood the possible risks of taking out a fixed rate product with an ERC when she was intending to move home.

Miss R contacted MGI again in mid-July 2024 saying she was thinking of cancelling the remortgage as she was upset about a fee charged by the solicitors. MGI said she could

cancel the remortgage but would go onto the variable rate. On 23 July 2024 it asked Miss R whether she wanted to cancel the remortgage. Miss R said she wanted to go ahead. Miss R says the issue being discussed related to a solicitors' charge (that is, this discussion didn't relate to possible difficulties with porting). The context supports what Miss R says.

What might have happened differently if MGI made Miss R aware of the risks of taking out a fixed rate product when she intended to move?

It's difficult to know what was actually discussed between Miss R and MGI in early 2024, and whether she made her plans to move home clear. It's also difficult to know how things might have been different if MGI had ensured Miss R was aware of the possible risks of taking out a fixed rate product.

When Miss R remortgaged she secured a rate of 4.48%, with monthly payments of about £360. If she'd stayed with her lender her mortgage would have gone onto the standard variable rate (8.74%) and her monthly payments would have increased from about £350 to about £530. The fact find and suitability letter say Miss R was concerned about the cost of living and wanted to keep costs low.

If Miss R had taken out a fixed rate product with her existing lender it's likely this would have had an ERC. I don't know if Miss R would have been able to secure an ERC free variable rate mortgage product at an interest rate she'd have been happy with.

Miss R didn't know prior to remortgaging in mid-2024 how long it would be before she sold her property and found a property to buy. She might not have wanted to stay on the lender's SVR during this time. Her monthly payments would have been higher, she'd have paid more interest and she'd have been at risk of mortgage interest rates increasing.

Miss R might quite reasonably have expected a porting application to be straightforward given her recent successful remortgage application. She couldn't have known the lender would change its criteria in the short time between her applying for the remortgage and making the porting application.

Miss R says if MGI had told her porting isn't guaranteed and that lenders can change their criteria, she'd have acted differently. She says she'd have marketed her property for sale earlier, and if it didn't sell by August 2024 she'd have taken out a two year fixed rate product. That would have meant she'd spend less time making higher monthly payments (due to the shorter term required by the lender) before she could remortgage without paying an ERC. I'm afraid I can't agree that's likely. I have to consider what Miss R would have done at the time. She didn't know when she chose her product that the lender would change its criteria regarding lending into retirement, or that interest rates would fall. The fact find and suitability record say that Miss R wanted a five year product and she was concerned about interest rate changes.

It was always open to Miss R to market her property for sale sooner, which might have avoided the additional costs and inconvenience of remortgage and then porting. It's possible that Miss R might have sold her property before mid-2024. But I can't fairly find that she'd certainly have done so, as that would depend on her receiving a suitable offer. Overall, given the circumstances and what Miss R has said, I think it's likely she'd have gone ahead with remortgaging (with the five year product) even if MGI had made her aware of the risks. And I'm not persuaded she's worse off for having done so.

Ultimately, Miss R's lender did agree to port and offer additional borrowing, albeit on a shorter term than Miss R wanted. She didn't have to pay the ERC. Miss R says she had to reduce the amount she wanted to borrow and make up the difference with savings, which

cost her £5,000. That might not have been what Miss R planned to do, but she hasn't lost £5,000. Miss R has a smaller loan to repay, and will pay less interest overall as a result of the shorter term and smaller balance. I can't fairly require MGI to pay £5,000 to Miss R.

Problems with the porting application

Miss R contacted MGI about porting the mortgage. MGI accepts its service was poor. In mid-October 2024 Miss R asked what would happen if her sale completed before she found somewhere to buy. MGI initially told Miss R – incorrectly – that she could only port if her sale and purchase were simultaneous.

MGI recommended that Miss R port the mortgage, to avoid paying an ERC, and apply for additional borrowing. The lender agreed to this. But due to a change in its criteria for lending into retirement would only offer a mortgage over a shorter term. This meant Miss R's monthly payments were higher than she'd budgeted for.

Miss R had to choose whether to go ahead on the basis of the shorter term and higher monthly payments (which the lender assessed as affordable), reduce the amount she borrowed or look for a mortgage elsewhere which would mean paying the ERC. This was upsetting and inconvenient for Miss R, who had to adjust her plans.

There were delays with the porting application. The available evidence suggests this was due to various events rather than an error by MGI. The lender said there was a problem and Miss R should look at her credit report. The lender asked for information about Miss R's pension. Miss R renegotiated her purchase price in early 2025, and wanted to reduce the amount she was borrowing. Miss R's buyer had a problem with their sale. Miss R's purchase fell through and she had to find another property to buy.

I appreciate Miss R's frustration. But as I don't think MGI was responsible for the delays, I can't fairly require it to pay compensation for the inconvenience this caused.

The fees paid by Miss R to MGI

The fee Miss R paid was set out in MGI's declaration & fee/service agreement which Miss R signed in February 2024. Miss R chose a lifetime fee which is more than the usual broker fee for a mortgage. Miss R says she will cancel her policy as she doesn't want MGI to deal with her future business.

Miss R paid a fee to MGI for mortgage advice and management of the remortgage and porting applications on her behalf. MGI has carried out this work. There's no reason to think it wouldn't carry out further work within the terms of the fee arrangement. Miss R could ask for a different adviser. I don't think it's fair and reasonable to require MGI to refund its brokers fee. But I don't think the £100 offered by MGI fairly reflects the impact on Miss R of its errors and poor service.

It might not have been good advice to recommend that Miss R remortgage with a fixed rate product if MGI knew she intended to put her property on the market later that year. Even if MGI first became aware of this in mid-2024 it ought to have alerted Miss R to the risks involved in going ahead with the remortgage, or at least tried to do so. As I said, I don't think this resulted in Miss R suffering financial loss. And I think she'd have chosen to go ahead with the remortgage even if the risk had been made clear.

But Miss R was caused inconvenience and worry when the porting application wasn't as straightforward as she'd expected and the ERC limited her options to look elsewhere. MGI added to this worry when it incorrectly told Miss R she could only port if her sale and

purchase were simultaneous. I think for the worry and inconvenience caused MGI should pay compensation of £300 (in total).

My final decision

My decision is that MGI Network Ltd should pay £300 to Miss R. It can deduct any amounts already paid.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss R to accept or reject my decision before 13 February 2026.

Ruth Stevenson
Ombudsman