

The complaint

Mr and Mrs W have complained about a secured loan they took out in 2023 following advice from My Secured Loans Ltd trading as Loanable which is an appointed representative of Premier Mortgages (North West) Limited. Mr and Mrs W are unhappy that when they redeemed the loan around six months after they took it out, they were charged around £7,200 more than the principal loan amount.

Although Premier Mortgages is the business that was responsible for responding to this complaint, for ease I will just refer to Loanable in this decision as that is the business that Mr and Mrs W dealt with. Any reference to Loanable should be taken to mean Premier Mortgages where appropriate.

What happened

In March 2023 Mr and Mrs W took out a loan for £50,000 plus fees of £6,290, and they repaid it around six months later.

In April 2025 they complained to Loanable saying they'd been told they could repay the loan by 25 March 2023 without incurring the set-up fees and an early repayment charge ("ERC").

The Investigator didn't recommend the complaint be upheld. Mr and Mrs W didn't agree and so the case was 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.

Whilst a copy of all the call recordings would have resolved this situation, I can't hold Loanable liable for not being able to locate all of them. However, the calls that it has been able to locate don't support Mr and Mrs W's recollections that they say they were told they would be able to repay this loan without incurring an ERC or being liable for the set up fees.

Although Mr and Mrs W have said they weren't fully sold on this loan, there's nothing to support that, with Mr and Mrs W making it clear to Loanable that they wanted to proceed as soon as possible. The mention of Mr and Mrs W speaking to their existing mortgage lender in the suitability letter is standard, as mortgage brokers need to ensure a customer is aware of the other options they may have.

Mr and Mrs W have highlighted the reflection period set out in the mortgage offer which says "*You have seven days after being given this Binding Mortgage Offer to reflect before committing yourself to taking out this second charge mortgage loan.*" Unfortunately, it seems the use of incorrect terminology has caused confusion when the complaint was made.

The reflection period isn't the same as a cooling off period. The reflection period was a period after the mortgage offer was issued and before the funds were drawn down (unless the period was waived). Whereas a cooling off period, if the normal usage of the phrase is

considered, is a period that starts *after* the contract is entered into (eg after the funds are released). Mr and Mrs W had the right to a seven day reflection period before the funds were released, but there was no contractual right to a seven day (or other length of time) cooling off period after the funds were released. So when Loanable said in its response to the complaint Mr and Mrs W weren't told there was a cooling off period, then it was right as there was no cooling off period. Instead Mr and Mrs W were correctly told there was a reflection period, which is a different thing.

The use of a reflection period is a way a lender can show they have met the regulator's requirements to ensure a customer isn't subject to a high pressure sale, that is the lender can show they've given the customer time to consider the mortgage offer. In that period the lender isn't allowed to contact the customer to chase up their acceptance of the offer. But it doesn't mean a broker can't speak to its customer about it, and the customer can choose to waive that reflection period if they want to do so.

The covering letter to the mortgage offer explains this:

"You are not obliged to proceed with this second charge mortgage and are entitled to a seven day reflection period before committing to taking out this mortgage.

You can however ask us to proceed during the seven day reflection period by completing and returning to us the attached Legal Charge or Standard Security if in Scotland, completed as set out below."

And it then explained that once the Legal Charge was signed and returned Mr and Mrs W were agreeing to be bound by the agreement for the second charge mortgage.

That was reiterated on the first page of the mortgage offer:

"This Binding Mortgage Offer is only binding on us. It will not be binding on you until you have:

- 1. signed the Legal Charge, or in Scotland the standard security, before a witness and returned the document to us; and*
- 2. the funds have been released to you. Please note that you are not required to sign this Binding Mortgage Offer."*

And:

"Upon completion of the second charge mortgage and the funds being released to you, you will have no right to withdraw from the agreement. You can however repay the second charge mortgage in accordance with the early repayment terms as set out below in this document."

This was discussed in a call with Mrs W and she is clear that the seven day reflection period wasn't needed. If Mr W didn't want Mrs W to act on behalf of them jointly, then he needed to notify Loanable and the lender of that. Otherwise the general assumption is that when two parties are taking out a joint loan, that they are acting together and the instructions of just one of those parties can be taken in matters like this. Alternatively, if unsure, Mrs W could have said she needed to discuss that with Mr W before making the decision.

In any event, the seven day reflection period is a red herring as the mortgage offer was issued on 23 February 2023 and the loan didn't complete until 3 March 2023, which is eight days later – so over the seven day reflection period. So even if Mrs W hadn't chosen to

waive the seven day reflection period, she and Mr W would have been in the same position which is that their loan funds would have been released on 3 March 2023 and they were tied into the loan from that point.

Mr and Mrs W signed the Legal Charge document and the funds were released. When that happened Mr and Mrs W had no right of withdrawal as set out in the mortgage offer. That would have been exactly the same position even if Mr and Mrs W had applied directly to the lender, rather than through a broker. What they could do, however, was repay the mortgage early in line with the mortgage contract.

The mortgage lender, in its response to a complaint Mr and Mrs W made to it (which was provided to this service by Mr and Mrs W) says:

“Before releasing the funds, we contacted both account holders by telephone on 3 March 2023 wherein both account holders verbally agreed that they had read and understood the terms of the second charge mortgage and were happy to proceed.

Specifically, [Mrs W] was made aware that you would not have a right to withdraw from the loan but you have the right to repay the loan early.”

The relevant part of the mortgage contract is section 9 ‘Early repayment’ and that says:

“If you repay the second charge mortgage loan early in full you are required to pay an early repayment charge calculated on the basis of the interest charge of up to two months following the date on which you make an early repayment. This will be a maximum of £1,225.81 for the first 5 years and £1,225.81 after the end of the fixed rate period assuming the Lenders Base Rate remains as stated at section 5 above.”

Mr and Mrs W have said they were charged an ERC of £7,200 rather than the £1,225 quoted. But that’s not correct. They were charged the correct ERC, with the additional approximately £6,000 being the set-up fees that were quoted in both the mortgage illustration and mortgage offer; those being a £4,995 broker fee and a £1,295 acceptance fee.

As I’ve said, those fees were clearly set out in both the mortgage illustration and mortgage offer, as well as being shown in the suitability letter which Mr and Mrs W have acknowledged they received. There was also a call with Mrs W in which the fees were explained to her and she confirmed they should be added to the loan amount (hence meaning they borrowed £56,290 rather than £50,000), and the amount of any potential ERC was also discussed in that call. As soon as the loan funds were released, Mr and Mrs W became liable for those full fees of £6,290 and there would be no rebate (either in part or in full) if the loan was repaid early.

Whilst I’ve a great deal of sympathy for the situation Mr and Mrs W found themselves in, paying an extra £7,200 due to the set-up fees and ERC for a loan they only held for a matter of months, I don’t find Loanable at fault for that situation for all the reasons I’ve explained.

My final decision

I don’t uphold this complaint.

Under the rules of the Financial Ombudsman Service, I’m required to ask Mr and Mrs W to accept or reject my decision before 9 April 2026.

Julia Meadows
Ombudsman