

## **The complaint**

Mr J complains that the Lifetime Broker Fee charged by Connells Limited is unfair.

## **What happened**

In 2017 Mr J used the services of Connells Limited to obtain a mortgage and several insurance policies. Mr J paid two fees to Connells. He paid a one-off upfront Lifetime Broker Fee of £499 – this was to cover the mortgage advice. There was also a £99 administration fee which Connells explains relates to the additional work required on an application, such as collation of documents, liaison with the lender and solicitors, rather than financial advice which is covered in the £499 Lifetime Broker Fee.

On the anniversary of Mr J's fixed interest rate deal, he tried to use Connells' services again. Unhappy with the service he received, he raised concerns about the benefit of the Lifetime Broker Fee. Mr J says he was mis-led into thinking that the only cost involved in obtaining a new mortgage through Connells would be the £99 administration fee. However, upon enquiry he was told that he would incur additional costs whilst remortgaging with a different lender, but not if he arranged a new rate with his existing lender. Mr J says that his existing lender offered the same rates direct as it did through intermediaries, so there was no benefit of applying through Connells and paying the £99 fee to do so. Mr J says he also received poor communication from Connells during his enquiry. He said that mid-way through his enquiry, his broker stopped returning his emails and calls due to being on sick leave and he's unhappy that no alternative contact was given.

Mr J complained to Connells about the Lifetime Broker Fee and an alleged mis-sale of the insurance policies. Connells upheld Mr J's complaint in part. It accepts that based on Mr J's comments he's unlikely to use its services in the future so it offered a partial refund of £249.50 for the Lifetime Broker Fee. Connells also offered Mr J £50 compensation for the delay in answering his complaint. Connells didn't uphold Mr J's complaint about his insurance policies.

Unhappy, Mr J referred his complaint to our Service. An Investigator explained that the complaints about the Lifetime Broker Fee and the insurance policies would need to be considered separately by different parts of our Service.

The Investigator looked into the complaint about the Lifetime Broker Fee and thought Connells' settlement was fair. Mr J didn't agree and asked for his case to be decided by an Ombudsman. He says that Connells charges £99 for arranging a new mortgage and so that's the most he should pay for the service he received in 2017. And the rest of the fees charged should be refunded to him.

Mr J's complaint about the alleged mis selling of the insurance policies is ongoing with our Service.

## **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.

I've given careful consideration to all the submissions made by both parties, 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 – in keeping with the informal nature of our Service. Having done so I think the offer Connells has made to settle this complaint is fair and reasonable. I'll explain why.

When Mr J took mortgage advice from Connells in 2017 it gave him a document which set out the terms of its service (headed Key Information on our Mortgage and Protection Services). This key information included:

- That there was a lifetime fee of £499 payable when Mr J applied for the mortgage in 2017. This was a one-time fee, regardless of how many times he moves or re-mortgages.
- That there would be an additional administration fee of £99 for making the application in 2017 and for each future mortgage application.

The document sets out that the Lifetime Broker Fee and the associated standalone application fee is payable for mortgage advice services only. Connells says it does not charge a fee for insurance protection advice services.

Mr J hasn't disputed receiving information about these fees – so I think it's likely this information was provided to him. It's also confirmed in the demands and needs statement (a copy of which Mr J has provided to our Service) that the initial disclosure document was provided to Mr J at the time of advice. So, I think Connells made the Lifetime Broker Fee and the services it would provide clear to Mr J. I don't think it misled him about there being no more fees during future mortgage applications.

It's common practice for brokers to charge a fee for providing advice and arranging a mortgage for a customer. The fee charged by a broker for advising on and arranging a mortgage and the fees charged by a lender for providing the mortgage are two different things. It's unclear whether that was explained to Mr J in 2017. But I also don't think there is anything written in the Key Information Document that says the fees payable to Connells is for anything more than advising on and arranging the mortgage. There is no mention that the fee covers the cost of setting up and providing the mortgage – including common things like a valuation fee, legal fees or a product fee – things that, if charged, are done so by the lender.

Mr J says it wasn't cost effective for him to remortgage through Connells when his deal ended. That may be true, but it doesn't mean using Connells wouldn't be cost effective for him in other future situations.

Whilst Mr J's existing lender didn't currently offer preferential intermediary rates, some lenders do, and it's possible Mr J's lender could do so in the future. Lenders also generally offer deals that don't come with fees – so it's possible that Mr J could switch to a different lender without incurring set up fees. It's also worth noting that when using a broker, a customer is paying for the convenience, because the broker handles the research, compares options and manages the paperwork so the customer doesn't have to.

So, taking all this into account I don't find that Connells unfairly charged Mr J a fee for its services. Mr J approached Connells as a new customer in 2017. He received advice and obtained a mortgage sourced through Connells. I consider it fair that Connells receives remuneration for that service. Connells accepts that Mr J is unlikely to use its services in the

future – that’s primarily because of Mr J’s preference. That doesn’t necessarily mean that its services would not be of use for the reasons I’ve explained.

In this case, Connells agreed to a partial refund of the Lifetime Broker Fee, which is reasonable. Mr J’s decision not to use the service in the future is a matter of choice, not because the service is ineffective, so it doesn’t justify a larger refund. In addition, as I’ve mentioned, the Lifetime Broker Fee and the administration fee are two different things. The financial advice that Mr J received is covered in the Lifetime Broker Fee. So, I don’t think it’s unreasonable that Connells retains a proportion of that for the service it provided to Mr J in 2017 – along with the £99 payable for the administration work required when arranging the mortgage.

I appreciate Mr J says he received poor communication from Connells during his recent enquiries. Whilst that may be the case, I don’t think he was financially impacted as a result. It’s clear from what Mr J has said that he would have proceeded to remortgage directly through his current lender in any event to avoid paying the £99 fee or other costs involved in remortgaging with a different lender. So, there’s been no financial loss here. That said I accept Mr J may have suffered some distress and inconvenience due to the lack of response from Connells during his enquiry. But when considering everything, I think the overall offer Connells has made is fair in all the circumstances of this case.

As I’ve said Mr J’s complaint about the insurance policies sold to him is ongoing – the outcome of that complaint is yet to be determined. But I’m satisfied the outcome of that complaint has no bearing on this complaint – because the Lifetime Broker Fee is only chargeable for arranging the mortgage.

Lastly, Connells has offered Mr J £50 compensation for the delayed response to his complaint. Our Service can only consider complaints about activities regulated by the Financial Conduct Authority. Complaint handling is not a regulated activity. That means we don’t have the power to consider complaints about complaint handling – unless the complaint is ancillary to a complaint about a financial product we can consider. In practice that may mean we can consider a complaint where the respondent business’ complaint handling impacted the consumer’s fair and reasonable use of a financial product.

The delay in providing Mr J with a final response letter to his complaint has no bearing on his ability to use a financial product. So, it follows that our Service doesn’t have the power to consider the complaint about complaint handling – and that means I can’t comment on whether the offer of compensation made by Connells is fair or not.

### **My final decision**

Connells Limited has already made an offer to pay £299.50 to settle the complaint and I think this offer is fair in all the circumstances.

So, my final decision is that Connells Limited should pay Mr J £299.50 if it has not done so already.

Under the rules of the Financial Ombudsman Service, I’m required to ask Mr J to accept or reject my decision before 18 May 2026.

Arazu Eid

**Ombudsman**