

# The Consumer Council's Stop Unfair Charges Campaign: Your guide to challenging a mortgage exit administration fee



The Consumer Council cannot provide legal advice and the information in this guide is not intended as such.

## What are mortgage exit administration fees?

A mortgage exit administration fee (MEAF) is a fee charged to you by your existing mortgage lender, for example, when you want to switch to a new lender or when you reach the end of the mortgage agreement.

If the mortgage contract allows the lender to charge an exit administration fee the lender can charge the fee but they are not allowed to charge more than it actually cost them.

## Why are consumers complaining about MEAFs?

Many consumers have complained to the Consumer Council that the fee they were charged for exiting their mortgage was very steep. Some consumers were not aware that such a charge would be applied; others knew of the charge but were surprised by how much it had increased since they started the mortgage.

## What has the Financial Services Authority said?

The Financial Services Authority (FSA) regulates the financial industry. The FSA has investigated complaints from consumers and in a Statement published in January 2007 has said that some of the mortgage exit administration fees may be unfair in two ways:

1. The mortgage lender did not make it clear in the contract that the charge could be increased: or
2. The mortgage lender has increased the cost unfairly and is charging for costs that shouldn't have to be paid for by the customer.

## How do I know if I have been charged a MEAF?

Your mortgage paperwork will state whether you were charged a fee, it might have been called:

- Deeds fee
- Redemption fee
- Sealing fee
- Discharge fee

## What can the consumer do if they have been charged a MEAF?

The Consumer Council has produced this pack to help consumers to challenge unfair mortgage exit administration fees.

Unfortunately we cannot offer legal advice and we cannot take up your case on your behalf but we can give you the information you need to challenge the excessive fee yourself.

1. **If you have been charged a mortgage exit administration fee** on any mortgage contract started since **1 July 1995** then you can follow the two steps in this guide to complain about the fee and find out if you are entitled to a refund. You may be entitled to a refund of the difference between the original agreed MEAF and what you did pay.
2. **If you think the original MEAF you agreed to at the time of taking the mortgage was too high** then you may be able to challenge it too. The FSA set out in their Statement the types of charges that could be included in the fee and the types that couldn't. You will have to ask the mortgage provider to justify the charge and if you are not satisfied with their response then you will have to ask the Financial Ombudsman Service to investigate.

- 3. If you are thinking of switching your mortgage** ask your mortgage provider how much they are going to charge. All mortgage providers will be aware of the FSA's statement and will either:
- Not charge the MEAF;
  - Charge the original MEAF;
  - Charge a revised MEAF; or
  - Charge their current increased MEAF.

**How do I go about challenging the MEAF?**  
Follow the Consumer Council's two-step guide to challenging the fees:

#### **Step 1**

Use the Consumer Council's sample letter to write to your mortgage lender to complain about the MEAF. You must do this first so that the mortgage lender has the opportunity to respond to your challenge.

#### **Step 2**

If you are not satisfied with the mortgage lender's response, contact the Financial Ombudsman's Service who will investigate your complaint and help you get it resolved. More information on this is provided on page 3.

#### **Let us know**

Please let us know how your challenge goes so we can monitor how well the mortgage lenders are responding to your concerns. Telephone us: 0845 601 6022 or e-mail: [complaints@consumercouncil.org.uk](mailto:complaints@consumercouncil.org.uk).

### **Step 1 – Complain to the mortgage lender**

[Your name]  
[Your address]

[Date]

[Mortgage lender's name]  
[Mortgage lender's complaints address]

Dear Sir/Madam

**Complaint about mortgage exit administration fee**  
**Mortgage reference number: [your reference number]**

I wish to complain about the mortgage exit administration fee I was charged in [date you were charged the fee]. The fee was much higher than I expected it would be and in light of the Financial Services Authority Statement of 26 January 2007 I request that you provide me with a refund.

If I am not satisfied with your response I will forward my complaint to the Financial Ombudsman Service.

I understand that you will acknowledge receipt of my complaint within five working days and that you will update me on my case within four weeks and provide me with your final answer within eight weeks.

Yours faithfully

[Your signature]  
[Your name printed]

## Step 2 – Take your complaint to the Financial Ombudsman Service

If you are not satisfied with the response you have received from the mortgage lender you can take your complaint to the Financial Ombudsman Service.

### What is the Financial Ombudsman Service?

The Financial Ombudsman Service helps settle individual disputes between businesses providing financial services and their customers. This is a free service for consumers.

It is not a regulator ("watchdog") or a trade body or a consumer champion. It's role is to settle disputes as an alternative to the courts and it is completely impartial.

### How do I complain to the Financial Ombudsman Service?

You will have to fill in a complaint form. You can get the form by:

- telephoning 0845 080 1800; or
- downloading it from their website, [www.financial-ombudsman.org.uk](http://www.financial-ombudsman.org.uk).

The Financial Ombudsman Service can help you fill in the complaint form over the phone (0845 080 1800).

You must post the form to the Financial Ombudsman Service because it is very important that it has your handwritten signature on it. You will also have to send copies of the letters written to you and from you to the mortgage lender. The Financial Ombudsman Service address is:

The Financial Ombudsman Service  
South Quay Plaza  
183 Marsh Wall  
LONDON  
E14 9SR

### What happens after I fill in the complaint form?

The Financial Ombudsman Service will investigate the complaint and decide what is fair and reasonable.

If the Financial Ombudsman Service finds that the mortgage lender charged you too much they will require the mortgage lender pay back the difference between what they should have charged and what they did charge.

### How long will it take?

The Financial Ombudsman Service usually resolves most complaints within six to nine months.

### Will the mortgage lender be punished?

The Financial Ombudsman Service will not punish the mortgage lender; their role is to settle the dispute between you and the mortgage lender.

But the Financial Services Authority will be monitoring the complaints received by the Financial Ombudsman Service and will be checking to make sure that the mortgage lenders are treating their customers fairly now.

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