

complaint

Mr and Mrs L complain through their solicitor about the advice they got from Legal & General Partnership Services Limited to consolidate their unsecured debt into a mortgage. Mr and Mrs L would like Legal & General to refund their loss caused by the debt consolidation.

background

In 2006, Mr and Mrs L had a mortgage deal with a lender that was coming to an end. Legal & General advised them to consolidate some of their unsecured debt when they were remortgaging as it said that Mr and Mrs L wanted the discipline of making one monthly payment rather than several. Our adjudicator didn't recommend that this complaint should be upheld as she didn't believe that Legal & General had done anything wrong. Mr and Mrs L's solicitor disagrees saying that the advice was unsuitable for them.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Mr and Mrs L had a number of unsecured debts, including a store card, credit card and two loans. In addition to the remortgage, the Legal & General adviser at the time recommended that they should consolidate £7,864.00 of this debt into the new mortgage. As the debt was now secured, Mr and Mrs L would now be paying a lower interest rate on the debt and lower monthly payments but were likely to pay more for the debt in the long run because of the length of term of the mortgage. Mr and Mrs L's solicitor says that Mr and Mrs L weren't a couple finding it had to service their unsecured debts and it was wrong to advise them to consolidate their debts.

I appreciate that these were not substantial debts. But it does appear that Mr and Mrs L finances were tight at the time. I note that they were on their overdraft limit and so a reduction in the monthly payments would have eased the pressure on their overdraft. I also note that one of the loans was taken out to consolidate a credit card debt which suggests that they had difficulty managing their finances. So, Mr and Mrs L might reasonably have benefited from lowering their overall monthly outlay and only having to make one overall payment for these debts. On balance I am of the view that it was reasonable for Legal & General to advise this debt consolidation and for that reason I can't fairly uphold this complaint.

my final decision

My decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr and Mrs L to accept or reject my decision before 13 November 2017.

Gerard McManus
ombudsman