

## **complaint**

Mr and Mrs E complain that they were mis-sold a mortgage by an appointed representative of Legal & General Partnership Services Limited (L&G).

## **background**

In 2008 Mr and Mrs E met with L&G as they were looking to re-mortgage and wanted to reduce their outgoings. Their existing mortgage loan was £40,308, of which £22,865 was on an interest-only basis covered by an endowment policy. They had two credit cards with £4,200 outstanding and a secured loan with £39,000 outstanding. They were also £3,400 overdrawn on their bank account.

L&G recommended they re-mortgage with a new lender at a fixed rate of 5.79% for five years. The mortgage was on a part repayment and part interest-only basis. They consolidated the existing debts into the new mortgage.

Mr and Mrs E complained to L&G that:

- a will was sold to them;
- the cheapest lender wasn't available because of the level of borrowing. The lower rate may have been available if the loan had excluded an accident, sickness and unemployment policy, parts of the debt consolidation, funding redemption penalties and the will;
- they were concerned about the fees and charges;
- they didn't want to re-mortgage before expiry of their existing product and incur an early repayment charge (ERC);
- it was unsuitable to consolidate all the debts.

L&G, for the most part, defended the sale. But it agreed the cost of the will shouldn't have been included in the new mortgage. It offered to reimburse the interest Mr and Mrs E would pay over the mortgage term, plus £150 compensation. L&G gave two different figures for the interest, making the total offer either £210.91 or £215.11.

Mr and Mrs E brought their complaint to this service but our adjudicator didn't recommend it be upheld. He hadn't seen anything to suggest that there were lower rates available or that Mr and Mrs E would be eligible for better rates with other lenders.

The adjudicator said the re-mortgage appeared to have reduced Mr and Mrs E's monthly outgoings. The fact find showed outgoings for unsecured debt of £1341 with a mortgage payment of £596 – a total of £1937. The new mortgage cost was £911.54 with other outgoings of £848 so there was a monthly saving of £261.46.

It was true that an ERC of £880 had to be paid, and that interest would be payable on the consolidated debts for the term of the mortgage. But he couldn't fairly say the advice was unsuitable. The suitability letter set out the reasoning for the remortgage.

Mr and Mrs E didn't agree and asked that the case be reviewed by an ombudsman.

## **my findings**

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

In their complaint form Mr and Mrs E say they didn't have a loan of £39,000. They say that perhaps there was a loan but not for that amount. I've seen the redemption statement sent to their solicitors by the lender. It gives a current balance of £37,953.61 and a redemption figure of £39,087.79 after adding early settlement interest, accrued interest and a redemption fee. As Mr and Mrs E didn't query this with their solicitors at the time, it may be that this accounts for their recollection that the loan was lower. But in any event I don't think it has any bearing on their complaint against L&G.

The client review shows that one of the credit cards had a credit limit of £1,100 and an outstanding balance of the same amount. The second had a credit limit of £3,100 and an outstanding balance of the same amount. Their interest rates were 17% and 18%. Mr and Mrs E's current account had an overdraft limit of £3,400 and an outstanding balance of the same amount. I think it's likely that their monthly outgoings exceeded their income and that there was little prospect of getting back on their feet and reducing the debts. This was presumably the reason for consulting L&G.

By consolidating the debts they covered all of the borrowing and reduced the amount of their debt payments, increasing their disposable income from £84 each month to £261.46 each month. I don't consider the advice was unsuitable.

Nor do I think it was unwise not to await the end of the ERC period. Mr and Mrs E had exhausted their available credit, and waiting might have led to additional short term borrowing putting them further into high-interest debt.

L&G says Mr and Mrs E's concerns about the fees involved were answered in the paperwork they'd been given. They'd signed the suitability record with no amendments. I'm not aware of any specific challenges to any of the fees, and none appear to me to be unusual.

## **my final decision**

My decision is that I don't uphold this complaint because I'm satisfied that Legal & General Partnership Services Limited has already offered compensation of £210.91 or £215.11 which is fair and reasonable. I leave it to Mr and Mrs E to decide whether or not to accept this offer. The correct figure will need to be checked if they do.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr and Mrs E to accept or reject my decision before 21 June 2018.

Edward Callaghan  
**ombudsman**