

## **complaint**

Mr and Mrs B through their representative MF complain that Legal & General Partnership Services Limited mis-sold them their mortgage and gave poor advice about debt consolidation. They want compensation.

## **background**

In my provisional decision I set out why I didn't intend to uphold Mr and Mrs B's complaint. I invited both parties to make any comments before I reached a final decision. Only MF had any comments to make. It said my provisional decision seemed to refer to a non-advised sale, didn't uphold the mortgage rules or follow a previous decision of the Financial Ombudsman Service, and was too vague about the 0% credit card debt paid off with the re-mortgage monies.

## **my findings**

I've reconsidered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. I said in my provisional decision:

As Mr and Mrs B have accepted the adjudicator's view, the issue of whether or not the mortgage itself was suitable seems to have been dealt with. I also agree with the adjudicator's view on this point.

That leaves the issue of the debt consolidation advice. Consolidation of debt into a mortgage often costs consumers more in the long term as often they pay interest over a longer period. This can wipe out any savings from a lower interest rate. But the benefit can be to enable consumers to reduce their bills and have more spare money each month to be used as they see fit. It's open to the consumer to make that choice, provided it's properly explained and their needs and objectives are met by debt consolidation.

In Mr and Mrs B's case, I can see the appointed representative explained clearly the likely results if the credit card debt was consolidated. Mr and Mrs B signed a copy of this advice. I can also see Mr and Mrs B said their objectives were to reduce their outgoings and to be certain about how much they had to pay each month, together with a wish to overpay their mortgage. By not having to pay £100 per month towards a credit card debt which was very likely to cost much more in the near future, they slightly increased their monthly mortgage payment and were able to use the rest of the money which used to go towards their credit card debt to overpay the mortgage. I don't think it's unfair or reasonable to give consumers advice about their options and let them choose.

I considered carefully the comments received in response from MF. But my provisional decision didn't refer to a non-advised sale. I said Mr and Mrs B received advice and explanations from the appointed representative. I didn't find Mr and Mrs B only received information.

MF felt the amount charged for the advice was too high. But this wasn't part of the original complaint and it isn't my role to decide whether or not the fee charged is good value for money. And both the adjudicator and I found the mortgage recommended by the appointed representative to be suitable, which hasn't been challenged by MF.

MF referred me to another decision by the Financial Ombudsman Service. Each decision is made based on the facts of each case, so I'm not bound by it. MF rightly pointed out my decision should be based on the mortgage rules. I have taken into account the rules which applied at the time in deciding what I consider to be fair and reasonable in the circumstances of this case.

MF wanted me to be more precise about when I thought the 0% interest rate from the credit card debt would've ended. It also said it was possible Mr and Mrs B could've got a new 0% deal. The point made in my provisional decision is that all 0% interest rates end at some point. There's no evidence either way whether or not Mr and Mrs B could've moved to a new 0% card, or whether they'd have been charged a fee for a new card. As not all lenders were willing to lend to them when they were looking for a new mortgage, I can't be sure if a new 0% rate would've been available. But I think it's more likely than not that the 0% rate on the debt paid off with the money from the re-mortgage would've risen significantly in the future.

Having considered MF's comments, my provisional decision remains unchanged. Advice must be correct, suitable and not mislead consumers, and advisers must consider whether debt consolidation is suitable for the consumers being advised. This isn't a simple issue – just saving money for the consumer doesn't mean debt consolidation is suitable; neither does costing the consumer more money in the long term make debt consolidation unsuitable. Suitability depends on the facts of each case. In Mr and Mrs B's case, I don't think the advice to consolidate their debt was unsuitable as it meant they could then overpay their mortgage and had certainty about the cost of their future outgoings. This was done with only a small increase to their monthly mortgage payment.

### **my final decision**

My final decision is that I don't uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr and Mrs B to accept or reject my decision before 8 February 2016.

Claire Sharp  
**ombudsman**