



summary of complaint

Mrs and Mr G complain that Paratus AMC Limited were irresponsible to lend to them as it did not consider the level of their outstanding debt. They said the mortgage is now unaffordable to them.

background to complaint

Mrs and Mr G approached a broker for help with their debts and to obtain a mortgage. The broker recommended a mortgage with Paratus which issued two mortgage offers and arranged the loan on an interest-only basis.

After the mortgage commenced Mrs and Mr G said they discovered the list of their debts submitted by the broker in support of their mortgage application was incomplete and they had been misled by the broker into believing they would be able to negotiate a part settlement of their debts from the mortgage capital.

The adjudicator did not recommend that the complaint be upheld, saying Paratus was entitled to rely upon the information submitted by the broker. He said Paratus considered previous mortgage payments and current salaries and made a proper assessment that the mortgage was affordable and within its lending criteria.

Mrs and Mr G did not agree saying that Paratus had failed to consider default accounts listed on the credit report.

my findings

I have considered all the available evidence and arguments from the outset, in order to decide what is fair and reasonable in the circumstances of this complaint.

I have looked carefully at the mortgage documentation and see that Mrs and Mr G obtained advice from their broker about their debt situation and a recommendation for their mortgage.

Mrs and Mr G did not approach Paratus for financial advice and none was given. I agree with the adjudicator that the main points of the complaint relate to the information provided to Paratus by the broker and note that Mrs and Mr G have made a separate complaint about the broker.

Mrs and Mr G said Paratus did not carry out checks on their debts and had it done so it would not have allowed them a mortgage. Even though Mrs and Mr G's application was compiled and submitted by the broker, the regulations still require the lender to take account of the customers' ability to pay and I have considered this.

I see that Paratus looked at the list of debts submitted by the broker and on Mrs and Mr G's credit report. I can see no reason to suggest that Paratus should have reached the view that the information it received was inaccurate, particularly as it included a signed declaration from Mrs and Mr G.

I have seen that Paratus assessed outgoings but excluded default debts as it understood that these no longer involved any outgoings. I think it was reasonable for Paratus to compile

its 'Debt to Income' calculation in this way. It also recorded the salary details for Mrs and Mr G and has shown that the lending was within three times their combined salary. Paratus also considered their payment history of the existing mortgage which was not in arrears.

I am satisfied that Paratus conducted a proper assessment of the affordability of the mortgage and reached the conclusion that the borrowing was well within its normal lending criteria. I cannot find grounds to require Paratus to pay Mrs and Mr G compensation.

I sympathise with Mrs and Mr G for the difficult situation they were in when they took the mortgage and subsequently. It is important they discuss future payment arrangements with Paratus as well as to explore the possibility that arrears could be capitalised to the mortgage.

my final decision

My final decision is that I do not uphold the complaint.

Andrew Fraser
ombudsman