

complaint

Mr B complains that he was given unsuitable mortgage advice by an appointed representative of Legal & General Partnership Services Limited.

Mr B is represented in this matter by a third party.

background

In early 2007 Mr B met an appointed representative of Legal & General Partnership Services to discuss re-mortgaging. At the time Mr B had an adverse credit history and was in a debt management programme. The information provided to this service shows that Mr B was given two mortgage illustrations, one showing the cost without adding his unsecured debts to the mortgage and one showing the cost if the debts were consolidated.

It appears that the adviser initially approached a prime mortgage lender, but, due to Mr B's adverse credit history the application was declined. The mortgage adviser then recommended a mortgage lender that accepted customers with an adverse credit history. The adviser recommended a two year fixed rate product to give Mr B certainty about his monthly mortgage payments. Mr B accepted the mortgage offer and consolidated his existing unsecured debts onto the mortgage. Mr B has confirmed that he has been able to maintain his mortgage payments since he re-mortgaged.

In early 2014 Mr B's representative complained to Legal & General Partnership Services that the advice Mr B was given to re-mortgage and consolidate his debts was unsuitable.

Legal & General Partnership Services did not uphold his complaint. It said that it was satisfied that the advice given was suitable. It noted that Mr B wanted to pay off his debts and that the adviser had recommended a suitable mortgage to help him do this. It said that because of his adverse credit there were only a limited number of lenders that were prepared to lend to him. It also said the recommendation made matched Mr B's preferences and was explained in the suitability report it sent to him.

Mr B's representative did not accept Legal & General Partnership Services' view and referred the complaint to this service.

Having considered the matter the adjudicator did not recommend that Mr B's complaint should be upheld. She said that overall she did not consider the advice given was unsuitable. She noted that Mr B's wanted to obtain a fixed rate mortgage to avoid potential interest rate rises and to consolidate his debt management plan. The adjudicator said that both of these objectives were achieved. She also noted that prior to the re-mortgage Mr B had approximately £40 per month disposable income and after the re-mortgage this increased by £7 per month. The adjudicator acknowledged this was a small saving, but said if Mr B had remained on a variable rate with his previous lender there was a risk that rising interest rates would have caused his mortgage to become unaffordable. She said that Mr B obtained the security of a fixed rate for two years which assisted him in managing his finances.

Mr B's representative did not accept the adjudicator's view and asked for the complaint to be determined by an ombudsman.

my findings

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

Having carefully reviewed the information available about the advice that was given to Mr B to re-mortgage in 2007, I cannot reasonably agree that the advice was unsuitable. I appreciate that Mr B's disposable income only increased by a very small amount following the advice to re-mortgage and consolidate his debts. However, I must also take into account that it appears Mr B's previous lender increased its standard variable mortgage rate twice in 2007 after Mr B had re-mortgaged. If Mr B had remained with his previous lender his monthly mortgage payments would have increased twice within a few months.

I have not found anything that would support Mr B's claim that he was pressurised into re-mortgaging or that the mortgage recommended was unaffordable for him. I note that Mr B says he has been able to maintain the mortgage payments and there is nothing to suggest the mortgage had been in arrears. If Mr B was not happy with the advice he received to re-mortgage he was free to have rejected the mortgage offer and remained with his previous lender.

Mr B has said that because he was advised to consolidate other debts onto his mortgage he now has insufficient equity in his property to re-mortgage again. I have carefully considered this point, but I cannot reasonably agree that the mortgage adviser could have been expected to accurately predict changes in property prices, or that lenders would choose to review their lending criteria and increase the amount of equity they require in a property before they will offer a mortgage. I therefore cannot agree that the adviser could have foreseen that Mr B would find it difficult to re-mortgage if he consolidated his unsecured debts.

my final decision

Under the rules of the Financial Ombudsman Service, I am required to ask Mr B to accept or reject my decision before 17 April 2015.

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

Suzannah Stuart
ombudsman