

## **complaint**

Mr and Mrs S complain that Cheltenham & Gloucester plc ("C & G") mis-sold them further advances under their mortgage to them when this wasn't suitable to meet their needs. They want matters put right.

## **background**

Mr and Mrs S had an interest only mortgage with C & G and borrowed money on a repayment basis in 2005 and 2007 to pay other debts ("debt consolidation"). Mr S said that C & G told him to say in the applications that the money was for home improvements. Mr and Mrs S complained that C & G didn't advise them that they'd pay more in the long term or to negotiate with their creditors instead as they were in financial difficulties.

Mr and Mrs S complained to C & G. It said it was Mr and Mrs S' choice to accept the mortgage offer made; C & G denied giving them mortgage advice.

Mr and Mrs S complained to us. The investigator's view was that as C & G didn't give advice about whether the further advances were suitable to Mr and Mrs S, it wasn't required to give them more general financial advice about their debts. He also said that there was no evidence that sending Mr and Mrs S to see a debt charity would've been better than borrowing more money – they paid their unsecured debts. And he commented that there was no record in the documents he'd seen that the reason given to borrow the extra money was home improvements.

Mr and Mrs S disagreed. They said that the investigator had sided with C & G.

## **my findings**

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

It's worth pointing that the rules in place in 2005 and 2007 when lending further money under a mortgage to consumers are very different to today; I have to bear in mind the rules in place at the time. And the evidence available to me is limited as so much time has passed.

Mr and Mrs S were initially happy about being able to borrow more money as it meant they could repay other debts and be in control of their finances. It's only due to recent press reports that they've brought this complaint. There's no evidence that they were in financial difficulties in 2005 and 2007; for example, there's no evidence that they were struggling to repay their debts. I think it's unlikely that C & G would've lent more money if Mr and Mrs S were in mortgage arrears. And borrowing money for debt consolidation isn't in itself a sign of financial difficulties.

From the evidence available to me, Mr S applied for the further advances over the phone; I accept that it's more likely than not that he talked to C & G's staff about why he wanted the money. There's no evidence that the applications were stated to be for home improvements. But merely talking to staff about a mortgage doesn't mean formal mortgage advice was given. It's clear from the two mortgage offers, signed by Mr and Mrs S, that no advice was given and they had been told this. It was their choice to take out the further advances, which means C & G didn't mis-sell the two extra loans.

Was C & G under a duty to give general financial advice? At the time the loans were taken out, lenders weren't under such a duty, particularly when they hadn't given mortgage advice or recommended a particular mortgage. I can't say that C & G asked unfairly or unreasonably by not telling Mr and Mrs S to seek advice from debt charities or try to negotiate with their creditors in all the circumstances.

**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 S to accept or reject my decision before 4 November 2018.

Claire Sharp  
**ombudsman**