

complaint

This complaint is about a mortgage arranged for Mr C and Mrs D by an adviser connected with Legal & General Partnership Services Limited ("L&G").

Mr C and Mrs D feel they weren't given good advice. They're particularly concerned about the suitability of the adviser's recommendation to consolidate a car loan.

Mr C and Mrs D are represented by a third party I'll call 'R'.

background

L&G is satisfied the advice it gave Mr C and Mrs D to remortgage and consolidate debt was appropriate. In response to complaint issues R raised on behalf of Mr C and Mrs D it said:

- the new deal met their objectives of a paying a lower interest lower rate
- reducing the mortgage term fitted in with Mr C and Mrs D's retirement plans
- consolidating a car loan into their new mortgage made the new mortgage affordable
- although Mr C and Mrs D had to pay an early repayment charge (ERC), they needed to do that to get the benefits of the new deal (and by careful timing the adviser had ensured they didn't pay any more than they needed to)
- Mr C and Mrs D hadn't lost out by choosing the cashback incentive
- after considered discussion, Mr C and Mrs D had wanted to go ahead on this basis.

R was unhappy with this response and asked us to look into this complaint.

Our adjudicator didn't recommend upholding the complaint. She said:

- making sure the mortgage finished by the time Mr C planned to retire meant paying it off over a shorter term
- this made Mr C and Mrs D's monthly repayments more expensive
- advice to consolidate the car loan into the mortgage balance was suitable as Mr C and Mrs D would've found it difficult to keep up their monthly loan repayments on top of paying for their new mortgage
- there was no loss to Mr C and Mrs D by taking the cashback option rather than the free legal fee option.

R disagrees. In summary, it's R's view that:

- Mr C and Mrs D were easily able to afford to maintain their car loan alongside the new mortgage
- the best way of reducing the term of a mortgage is not to add unnecessary debts to the balance
- there were no affordability issues to justify debt consolidation

- consolidating and funding depreciating assets for the years of the mortgage term (compared to the existing loan term of 19-months) was unsuitable based on Mr C and Mrs D's solid financial position.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. And having reviewed everything, I've come to the same conclusions as our adjudicator. Here are the reasons why I say this.

R has raised a number of points that have been covered by the adjudicator already. So I'm going to concentrate in my decision on what appear to me to be the main issues R has told us Mr C and Mrs D are still unhappy about.

I can see that, on paper, Mr C and Mrs D's income and expenditure figures might tend to suggest they had a healthy level of disposable income each month. But other information indicates that this doesn't accurately reflect their actual financial position. I say this because Mr C and Mrs D told L&G that money was tight and they were worried about unexpected expenses leading them into debt. They were typically running quite a substantial overdraft at the end of each month and they had no savings.

If Mr C and Mrs D hadn't consolidated debt, they'd have been worse off financially at the end of each month. In my view, the new mortgage (which met their requirements in all respects as far as I can see) wouldn't realistically have been affordable for Mr C and Mrs D without debt consolidation. So, I find that, despite the disadvantages of debt consolidation, overall Mr C and Mrs D were better off as a result of acting on L&G's advice.

On balance, I don't find there's enough information to persuade me that L&G didn't take properly into account Mr C and Mrs D's needs and circumstances generally or that it didn't give them suitable advice about debt consolidation. I consider that Mr C and Mrs D would've had enough information to decide if they wanted to go ahead with the mortgage L&G recommended – and it's clear they did.

my final decision

For these reasons, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask R on behalf of Mr C and Mrs D to accept or reject my decision before 9 June 2016.

Susan Webb
ombudsman