

complaint

Mr and Mrs M complain that Legal & General Partnership Services Limited (“L&G”) has not offered enough compensation for an unsuitable recommendation to consolidate debt to their mortgage.

background

Mr and Mrs M re-mortgaged in 2007 following a recommendation from L&G. As part of the process, a number of unsecured debts were added to the mortgage.

Mr and Mrs M’s representative complained about various aspects of the mortgage recommendation, and L&G responded. It rejected the complaint in most aspects, but accepted that a loan on a 0% interest rate should not have been consolidated to the mortgage. It made an offer of compensation.

Mr and Mrs M’s representative didn’t consider the compensation adequate, and so complained to this service. By way of a provisional decision, I agreed that L&G’s calculation didn’t provide adequate redress and set out how I considered compensation should be calculated.

Both parties accepted my provisional decision.

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 done so, and noted that both parties agreed with my provisional decision and the calculation of redress, I see no reason to depart from it.

my final decision

For the reasons I have given, my final decision is that I uphold this complaint and direct Legal & General Partnership Services Limited to calculate:

- The amount Mr and Mrs M have paid towards that part of the mortgage balance represented by the consolidated debt (including both interest – at the mortgage rate from time to time – and capital repayments);
- The amount of the consolidated debt still remaining on the mortgage balance as at the date of settlement;
- The amount Mr and Mrs M would have paid to repay the debt had it not been consolidated (in this case, as it was a 0% loan, that is simply the consolidated amount).

It should add the first two figures together, deduct the third and pay the result as a lump sum to Mr and Mrs M.

Simon Pugh
ombudsman