

## **complaint**

Mr and Mrs C complain that First Complete Limited gave them unsuitable advice, when it recommended that they consolidate credit card debts into an unsecured loan over the same term as their mortgage.

## **background**

In 2007 Mr and Mrs C asked First Complete, a broker, to help them find a mortgage to buy their first home. It recommended a mortgage and an unsecured loan, which Mr and Mrs C accepted. They consolidated existing debts using the unsecured loan and they now say this was not suitable. The consolidation increased their costs because the length of time over which the debts were to be repaid was longer.

The adjudicator did not recommend that this complaint should be upheld. He concluded that First Complete had pointed out the disadvantages, as well as the benefits, of consolidating debt into a longer term loan arrangement.

## **my findings**

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

Where there is a dispute about what happened, I have based my decision on the balance of probabilities – in other words, on what I consider is most likely to have happened in the light of the evidence.

First Complete gave Mr and Mrs C mortgage advice. In doing so, it was required to recommend an appropriate mortgage based on their stated needs and circumstances at that time. I find that they wished to buy their first home but they did not have a deposit. First Complete said that it was able to find a mortgage product where the lender would also loan the deposit on an unsecured basis.

I consider that there was also discussion about the amount of the secured mortgage because Mr and Mrs C wanted to borrow additional capital with their mortgage to consolidate existing debt. I am satisfied that First Complete pointed out, in discussions and its letter in August 2007, that by doing this the overall cost of repaying the amount outstanding would be higher because they would be repaying it over a longer term. As well as receiving the mortgage offers, I find that they were sent Key Facts Illustrations and a summary of Mr and Mrs C's demands and needs. The fact find carried out showed that Mr and Mrs C were paying £385 per month to repay their existing debts. The repayments to the new loan were less than £100. The loan was on a fixed interest rate like the mortgage. So I consider it more likely than not that Mr and Mrs C decided to go ahead because they had one manageable payment each month.

The lender sent Mr and Mrs C mortgage and loan offers at the beginning of September 2007 and then revised offers about a week later. The covering letter clearly set out the loan that Mr and Mrs C had applied for was made up of two parts – a loan secured on property (mortgage) and a fixed sum unsecured loan. Two separate agreements were also sent. I am satisfied that Mr and Mrs C signed these. In doing so they accepted the terms of both the mortgage and loan as set out in the documents. The offer accepted by Mr and Mrs C was for a mortgage of 95% of the purchase price, plus fees, and an unsecured loan to cover the 5%

deposit with an additional £10,000 to repay existing debts. The interest rate was fixed until 2010 for both loans. Both were for a term of 33 years.

Mr and Mrs C say that they are happy with the terms of the mortgage. I understand that they say that they were not made aware that the unsecured loan was also for a term of 33 years. As I have already explained, the term of the loan was in the agreement that they signed. In addition to this, they have been in receipt of annual mortgage and loan statements since 2008. These statements clearly show not only the amount outstanding on the loan but also the remaining term. I consider that if Mr and Mrs C had not known that the loan was over 33 years or they had any concerns about it then they might have raised them rather earlier than they have done and particularly after receiving the statement in January 2008.

I can understand Mr and Mrs C's concerns about the loan in that their circumstances have now changed and they consider that its existence is preventing them from moving home. However, for the reasons I have explained, I cannot safely conclude that First Complete mis-sold the mortgage or the loan.

### **my final decision**

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

Under the rules of the Financial Ombudsman Service, I am required to ask Mr and Mrs C to accept or reject my decision before 13 July 2015.

Karen Wharton  
**ombudsman**