

complaint

Mr and Mrs B complain they were mis-sold a mortgage by an appointed representative of Legal & General Partnership Services Limited.

background

Mr and Mrs B already had a mortgage when, acting on L&G's advice, they re-mortgaged to another lender. In doing so they consolidated their unsecured debt and raised some additional funds.

Mr and Mrs B are now advised by a claims management company (CMC) which has complained on their behalf. It says the mortgage wasn't suitable for them – because there was no need to consolidate their debt, unnecessary funds were raised, and the fees charged were unfair or unreasonable.

L&G didn't uphold the complaint about the mortgage advice. It's offered to refund commission the broker received for referring them to a solicitor, together with £100 compensation, but didn't otherwise uphold the complaint. Our investigator agreed, so the CMC asked for an ombudsman to make a decision.

my findings

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

I don't think the advice was unsuitable in this case. Mr and Mrs B had come to the end of their rate with their previous lender. They also wanted to raise more funds – meaning they would have had to pay application and valuation fees even if they'd stayed with their previous lender. I don't think it was unreasonable for the broker to search for a competitive rate across the wider market – especially as Mr and Mrs B also wanted a more flexible mortgage.

I've looked at the income and expenditure recorded in the fact find, and it think it shows Mr and Mrs B were overstretched already – before borrowing the extra funds they wanted. They had relatively high unsecured debt, across several loans and credit cards. And their expenditure appears low, suggesting it might be underestimated. While consolidating their debt would make it more expensive in the long run, I think that – in this case – Mr and Mrs B benefitted from reducing their outgoings in the short term. Taken individually, much of their unsecured debt was relatively low value so an argument can be made – and has been made – that each debt, in isolation, shouldn't have been consolidated. But taking a step back, I think the overall pattern of their debts and spending shows that they were overstretched, and consolidation gave them some breathing space and reduced their monthly commitments.

I think the offer L&G has made in respect of the legal advice is reasonable. But I don't think it needs to refund any of the fees the broker charged. They were set out to Mr and Mrs B. While other brokers may charge less, or structure their fees differently, I don't think Mr and Mrs B were misled about what they would be charged, and they received the service they'd paid for.

Mr and Mrs B's representative says that the mortgage was too big, that too much was borrowed. I don't think it's factored in that one of the consolidated loans wasn't paid direct by

the solicitors, with the funds paid direct to Mr and Mrs B instead. I don't know whether they actually did that, but if they didn't I don't think L&G is responsible for that. But even taking that into account, Mr and Mrs B were left with more money borrowed than they'd asked for, which shouldn't have happened. However, as this was a flexible mortgage they could have paid back any funds they didn't want to avoid interest.

my final decision

For the reasons I've given I think Legal & General Partnership Services Limited has made a reasonable offer to settle this complaint and I don't direct it to take any further action beyond that.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr and Mrs B to accept or reject my decision before 2 April 2020.

Simon Pugh
ombudsman