

complaint

Mr and Mrs B complain that the appointed representative of Legal & General Partnership Services Limited mis-sold them a mortgage that was not suitable for their needs.

background

Mr and Mrs B met with an appointed representative of Legal and General in 2006. At that stage they had an existing mortgage on their property but also other borrowing including seven credit and store cards and three other loans. The appointed representative recommended a remortgage and related unsecured loan.

Our adjudicator did not recommend that this complaint should be upheld on the basis that the recommendation met the objectives of Mr and Mrs B and was suitable. Mr and Mrs B did not agree saying, in summary, that Legal and General's recommendation had not properly weighed the short term gain of the remortgage against the long-term cost nor warned of the risks of using a remortgage as a means of debt consolidation.

my findings

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

In 2006 when the appointed representative of Legal and General met with Mr and Mrs B he noted the range of financial commitments they had and recorded that they felt financially restricted and unable to make progress repaying their debts due to a lack of disposable income. Our adjudicator felt that Mr and Mrs B were struggling with the repayment of their debts but Mr and Mrs B's representative pointed out that they had adequate income and were not in arrears in repaying these debts.

It is difficult objectively not to form a view that Mr and Mrs B were having difficulties meeting the monthly payments on the range of credit cards and loans that they were committed to. On several of them they were making small repayments in terms of the debt. Although I accept that the fact find suggests that they had a disposable income to meet these commitments I must also accept that it was reasonable for them to feel that they were not making progress in reducing these debts. As such, I do not think that Legal and General's recommendation of a mortgage consolidating the debt was unreasonable. I appreciate that this increased the total sum that Mr and Mrs B would pay in the long term and that the increased borrowing increases the risk of losing their home. But it is clear from the mortgage suitability letter - and I note each page is signed by Mr and Mrs B - that they were given adequate warnings about these issues by Legal and General. Despite the adequacy of these warnings they wished to proceed with the further borrowing.

As the mortgage arrangements recommended by Legal and General met Mr and Mrs B's objectives and as the problems that might arise were sufficiently explained to them I cannot fairly uphold this complaint.

my final decision

My decision is that I do not uphold this complaint.

Gerard McManus
ombudsman