complaint

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

Mr H and Miss C feel they were given unsuitable debt consolidation advice.

Mr H and Miss C are represented by a third party I'll call 'R'

background

When Mr H and Miss C complained to L&G, it looked at the overall mortgage advice given by its adviser. It assessed Mr H and Miss C's circumstances at the time and considered the documents the adviser completed as part of the sale. L&G concluded that its adviser's recommendation to remortgage was suitable.

R was unhappy with this response. R said (in summary):

- L&G mis-advised Mr H and Miss C by recommending they consolidate all three of their unsecured debts in to a twenty year mortgage. They had an unsecured loan with a low 7% interest rate compared to 6.19% for the new mortgage.
  Mr H and Miss C felt L&G's advice was disproportionate and as a result they'd lost out financially. They'd expected bespoke advice and didn't feel L&G's adviser provided them with that service

- Mr H and Miss C had been disadvantaged by L&G's advice to borrow more than £3000 to pay for mis-sold accident sickness and unemployment insurance (ASU). If suitable advice had been provided ASU wouldn't have been sold and debt consolidation wouldn't have been needed.

Our adjudicator didn't recommend upholding the complaint. She looked at the various issues R raised. In summary, she said:

- Mr H and Miss C were looking to remortgage as they wanted to save money on a monthly basis. Debt consolidation achieved that.

- By consolidating the loans they'd incur more in interest over the term of the mortgage than if they'd paid for them separately. But this was more than offset by the savings Mr H and Miss C made during the first three years on their new fixed rate mortgage.

- This put Mr H and Miss C in a better position overall - especially as Miss C was on maternity leave and there was a new baby to care for. So maximising monthly income and saving money overall in the long term were both important considerations.

- If debt hadn't been consolidated and the ASU wasn't included in the mortgage, Mr H and Miss C would've saved around £31 each month. They actually saved a lot more than this and without the ASU or consolidation Mr H and Miss C would be in a worse position than they are now. Overall, our adjudicator felt that L&G's mortgage advice was suitable. So she didn't feel able to recommend upholding this complaint.

When R first complained to us, another complaint was also mentioned. So our adjudicator commented on that too as part of her overall review. But this has been dealt with and isn't now part of this complaint.

R, on behalf of Mr H and Miss C, disagrees with our adjudicator's view. In particular, R says:

- the actual complaint point was the unsuitability of consolidating the 7% loan. This loan had an interest rate close to the new mortgage and only around two years to run, compared to the twenty years of the new arrangements. R says it hadn't complained about other parts of the debt consolidation advice and was concerned that our adjudicator had treated the debt consolidation as a 'job lot' rather than a jigsaw that required tailored advice

- the sale of ASU was a key factor that created the conditions for wholesale debt consolidation

- it didn't understand the relevance of figures our adjudicator quoted, or the methodology used to calculate them

Our adjudicator responded by explaining that if Mr H and Miss C hadn't consolidated this loan they would've had £313 disposable income - £79 more each month than they'd had before. So they *could've* achieved their goal of saving more on a monthly basis without consolidating this loan. But she felt they would've wanted and needed as much money as possible given their particular situation at the time. So it was unlikely that Mr H and Miss C wouldn't have wanted to save an extra £100 on a monthly basis which consolidating this loan let them do.

It hasn't proved possible to settle the complaint so far. R remains concerned that this loan was easily financed alongside the new mortgage. And the debt consolidation advice was framed to ensure other insurance it could sell Mr H and Miss C was 'affordable' and so could be recommended.

The complaint has been referred to me to decide how it should be settled.

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've taken carefully into account everything R says in response to the adjudicator's assessment. R says the key issue is the cost of consolidating a two year, low interest rate unsecured liability in to a twenty year mortgage with a similar interest rate to the loan. So this is what I've concentrated on looking at. But, like the adjudicator, I don't feel I can fairly and reasonably uphold this complaint. Based on the information I've seen, I find that the mortgage L&G recommended was suitable for Mr H and Miss C.

I don't find that the ASU made any difference overall to Mr H and Miss C – and what went wrong with the sale of that insurance has already been put right.

On balance, I don't find there's enough information to persuade me that L&G didn't take Mr H and Miss C's needs and circumstances properly into account or that it didn't give them suitable mortgage advice – including advice on debt consolidation. I can't see that they've lost out financially by acting on L&G's advice.

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 H and Miss C to accept or reject my decision before 1 August 2016.

Susan Webb
ombudsman