

complaint

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

Mr and Mrs C say they weren't properly advised about debt consolidation and feel they've been financially disadvantaged as a result. To resolve this complaint, Mr and Mrs C would like compensation.

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

background

On the advice of L&G's adviser Mr and Mrs C took out a new mortgage that also allowed them to borrow enough to pay off some outstanding debt they had at the time. R complained L&G gave poor advice about consolidating this debt in Mr and Mrs C's circumstances.

Our adjudicator felt that the debt consolidation advice had been unsuitable. A 0% credit card debt will now incur interest over the term of the new mortgage and be secured on Mr and Mrs C's home. And a loan that they thought they'd be paying off within nine months or so is now a secured debt tied up in Mr and Mrs C's mortgage which is set up for an 18 year term. Our adjudicator acknowledged that consolidating this debt into their new mortgage meant Mr and Mrs C were £158 per month better off. But she didn't think there'd been any need for them to borrow extra to pay off this debt and it hadn't been in their interests to do so.

L&G disagreed, so the complaint was been referred to me. I issued a provisional decision setting out what I felt was the fair and reasonable way to settle with this complaint.

my provisional findings

I agreed with our adjudicator for the same reasons that the mortgage L&G recommended for Mr and Mrs C wasn't unsuitable. Mr and Mrs C wanted to remortgage and the particular mortgage product L&G advised them to take out met their overall needs and circumstances at the time.

And when I looked at the debt consolidation advice L&G provided, unlike the adjudicator I felt that was suitable advice also. So in my decision I concentrated on the issue of debt consolidation.

I explained in my provisional decision reasons why I didn't think Mr and Mrs C could've afforded to maintain the consolidated debt separately alongside their new mortgage.

Mr and Mrs C had significantly underestimated the amount outstanding on their loan. And they were coming to the end of the interest free period on their credit card – and had run up a substantial debt. It looked to me as if Mr and Mrs C were financially stretched. And I felt debt consolidation was a suitable recommendation for Mr and Mrs C in their situation.

my provisional decision

I didn't uphold this complaint.

what the parties said in response to my provisional decision

L&G accepts my provisional view.

R on behalf of Mr and Mrs C hasn't said anything further that's changed my view of this complaint.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. Having done so, and taking into account the further comments I've received, I can see no reason to depart from my provisional decision.

my 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 and Mrs C to accept or reject my decision before 13 June 2016.

Susan Webb
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