

## **complaint**

Mr and Mrs W complain that they were mis-sold a mortgage by an authorised representative of Legal & General Partnership Services Limited ("L&G").

## **background**

Mr and Mrs W had a part interest only, part repayment mortgage. They were advised to re-mortgage by L&G; the new mortgage was repayment only, and included additional borrowing used to consolidate existing unsecured debt.

Mr and Mrs W now complain, via their representative, that the mortgage was mis-sold. They say that debt consolidation was unnecessary and expensive. They say that the selected loan was unsuitable as it was not the best available and had relatively high fees, which were added to the mortgage. Their representative also questions much of the documentation on L&G's file and raises wider questions about its compliance with regulatory requirements.

L&G says that the mortgage recommended met Mr and Mrs W's needs and was suitable for them. Our adjudicator agreed, and so the case came to me to make a final decision.

Because I initially reached a different conclusion, I decided to issue a provisional decision upholding the complaint in part. In response, L&G provided further information which caused me to re-consider my proposed findings, and I issued a second provisional decision rejecting the complaint. I now make my final decision on this case.

## **my provisional decisions**

In my first provisional decision, I considered the recommendation to re-mortgage to be suitable in that it achieved the recorded objectives. Those were disputed – L&G said, as is recorded in the fact find, that it was to reduce their outgoings, Mr and Mrs W's representative said the fact find was wrong and Mr and Mrs W in fact wanted to raise capital. I found that the recommendation actually achieved both of those objectives and was, in all the circumstances suitable.

I then considered the issue of debt consolidation. In my first provisional decision, I was minded to conclude that this was not a suitable recommendation. I noted that Mr and Mrs W had surplus income each month and that there appeared to be insufficient need to reduce their outgoings to make the additional cost of consolidation worthwhile. However, I asked Mr and Mrs W's representative for further information about the consolidated debts so that I could calculate the exact position and determine redress.

Mr and Mrs W's representative didn't reply to my first provisional decision, but L&G did. It provided further information about Mr and Mrs W's debts, and demonstrated that – because they were mainly credit cards with low payments being made each month – the additional cost of consolidation was only about £250 against a debt of £17,000. Therefore the long term extra cost was minimal.

Against that L&G pointed to Mr and Mrs W's current circumstances, in that Mrs W was about to go on maternity leave, with a resulting significant drop in income and increased expenditure. L&G therefore concluded that there was a need to reduce outgoings, and as it was done at minimal additional long term cost, that was a suitable recommendation.

I found this persuasive, and so my second provisional decision reversed my initial view and rejected the complaint. In response to that, Mr and Mrs W's representative set out the reductions in household income through Mrs W's maternity leave. It also disputed L&G's figures, suggesting the total extra cost of consolidation was £850.

### **my findings**

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint. I have also considered again both my provisional decisions and the responses to them.

It is no longer in issue that the overall recommendation was suitable; both parties focussed their responses to my provisional decisions on the debt consolidation issue. For completeness, I say that I remain satisfied of its overall suitability.

Taking everything into account, I do not depart from the conclusions of my second provisional decision in respect of the debt consolidation. I still consider that there was a need to reduce outgoings in the short term. Mr and Mrs W's representative invites me to find that there was an average disposable income of over £200 per month during the maternity leave – that is true, but not the whole picture. Disposable income reduces to almost zero in the later months – and it appears no allowance has been made for additional expenditure resulting from a new family, meaning the true picture would be even lower. Set against that, I don't consider an additional long term cost over the mortgage of even £850 to be sufficiently high as to tip the balance against consolidation.

In the individual circumstances of this case, I consider the recommendation to consolidate debt to have been suitable. Mr and Mrs W were not in financial difficulty such that negotiating with their creditors was required. But their family circumstances were such that there was considerable advantage in reducing their monthly expenditure on debt repayment, even at the cost of securing it to the mortgage and extending it over the term.

### **my final decision**

For the reasons I have given, my final decision is that I don't uphold this complaint.

Simon Pugh  
**ombudsman**