

complaint

This complaint is about a flexible mortgage Mr and Mrs D hold with The Royal Bank of Scotland Plc trading as The One Account. Mr and Mrs D complain that The One Account changed the flexible element of the mortgage from a level facility to a reducing facility. They also say The One Account didn't advise them properly about the implications of consolidating credit card debts into the mortgage when they took it out.

background

As far as the debt consolidation aspect is concerned, the adjudicator didn't think The One Account was at fault. There was limited evidence about what had been discussed at the point of sale, but the mortgage offer pointed to the mortgage having been sold on a non-advised basis

Regarding the facility, our adjudicator found in Mr and Mrs D's favour. He thought the way The One Account had gone about changing the facility wasn't fair and that it should be restored to its previous level arrangements. He also thought The One Account should pay Mr and Mrs D £250 compensation. Meanwhile, he urged both parties to engage in a new dialogue to agree on how the facility should be managed during the latter years of the mortgage term.

The One Account agreed to this but Mr and Mrs D didn't. They don't think £250 is enough compensation, and they remain of the view that The One Account failed them regarding the debt consolidation when taking out the mortgage. The case comes to me to decide.

my findings

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

It seems to me that the parties are agreed on restoring the facility to its previous level. So I don't need to make any findings on that. What remains in dispute, and what I must decide, is whether The One Account should have done more at the point of sale to warn Mr and Mrs D about the long-term effects of consolidating their credit card debts into the mortgage. I also have to decide whether more compensation is warranted.

On the question of consolidation, The One Account's position is that it sold the mortgage on a non-advised basis, and that it was for Mr and Mrs D to decide if it was suitable for them. The point of sale evidence is largely limited to the mortgage offer, and this document does say that the sale was non-advised. Of course, that doesn't necessarily mean that no advice was given. Advice can sometimes be given inadvertently, and even where it isn't, consumers might think they are being advised.

Overall, I don't think it's likely that happened here. But that aside, even if this had been an advised sale, I'm not convinced Mr and Mrs D have been prejudiced by any notional failure on The One Account's part to tell them about the long-term consequences of debt consolidation.

It is quite apparent from everything they have said in this complaint that Mr and Mrs D are comfortable with long-term debt. Indeed, the very basis for the complaint is that they want to keep their debt facility as high as possible for as long as possible, rather than agree to The

One Account's preference that they begin paying it down. In that context, it's difficult for me to find that, but for a fuller explanation of the consequences, Mr and Mrs D wouldn't still have consolidated their credit card debts into this mortgage.

Lastly, the adjudicator assessed fair compensation for the time, trouble and upset caused by The One Account's actions at £250. In all the circumstances, I agree. All I would add is to reiterate the adjudicator's point about the parties maintaining a dialogue about what will happen going forward. Hopefully, that will happen on a constructive basis, without recrimination about what has gone before.

my final decision

For the reasons set out above, my final decision is to uphold this complaint. In full and final settlement, I direct The Royal Bank of Scotland plc trading as The One Account to:

- change the facility back to a "level" basis;
- restore the facility's credit limit to £121,125; and
- pay Mr and Mrs D £250.

Under the rules of the Financial Ombudsman Service, I am required to ask Mr and Mrs D to accept or reject my decision before 26 May 2015.

Jeff Parrington
ombudsman