

## **complaint**

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

## **background**

Mr and Mrs W had an existing mortgage. Acting on a recommendation from L&G, they re-financed it. In the process, they consolidated some unsecured debt and slightly increased the term. They changed lender and incurred a small early repayment charge ("ERC").

Mr and Mrs W are represented by a claims management company, which says on their behalf that the mortgage recommendation was unsuitable. In particular, it says that they didn't need a new mortgage, and if they did could have stayed with their existing lender; not all of the debts should have been consolidated; and unnecessary capital was raised. It also says that L&G obtained Mr and Mrs W's business by cold-calling them, and that this is a regulatory breach.

L&G says that the recommendation was suitable, met Mr and Mrs W's objectives and was fully explained to them so that they could make an informed decision. Our adjudicator agreed, but Mr and Mrs W's representative didn't, and so the case comes to me for review.

## **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'm not persuaded that this was an unsuitable recommendation. Mr and Mrs W were approaching retirement. While the mortgage term was extended, it didn't go beyond their retirement age. And at the time of the recommendation they were in some financial difficulty – even if they weren't missing any payments on any of their commitments, they were (according to the fact find) spending more each month than their income. That is not a sustainable position.

The recommendation made allowed Mr and Mrs W to reduce their outgoings to a manageable level. It meant that all their debt would be dealt with and they would enter retirement debt free (assuming they didn't take on further debts in the meantime). The opening of the mortgage analysis says that their objective was to "*reduce outgoings to clear shortfall in income*". This was achieved.

Mr and Mrs W's representative accepts that consolidation of some debts was appropriate, but says that for others it was not. It says this of one of their loans, which only had around two years left on the term. It says a surplus of income over expenditure could have been achieved without it. It is true that this loan only had two years left to run. But the monthly payments were over £200; consolidation therefore achieved a significant additional saving. And the interest rate was 26.4%, around five times the mortgage rate. I'm not persuaded that consolidating this loan was so unwise that it should have been distinguished from the other debts. Debt consolidation, including this loan, was Mr and Mrs W's priority and was suitable.

I don't consider incurring an ERC in this case to be unsuitable. The ERC was only around £150, incurring it allowed Mr and Mrs W to achieve their objectives, and the state of their

finances lent doing so some urgency. This means that it is not a case where the better advice would have been to wait until after the ERC period.

Mr and Mrs W's representative says that a self-certification mortgage was recommended, and that this was unsuitable because such mortgages are more expensive. There was no need for one. I agree that I can't see a particular need. Mr and Mrs W were in apparently stable employment and I can see no reason why they couldn't have proved their income if asked. But equally I can't see that this mortgage was more expensive. It was a seven year fixed rate of 4.99%. It was at the top of the sourcing list – and the list wasn't filtered to show only self-certification mortgages. I can't therefore conclude that Mr and Mrs W have suffered loss in this respect.

Mr and Mrs W's representative says that they should have been advised to stay with their existing lender. But given the changes they were making – to the term, to the loan balance – I can't say with any certainty that their existing lender would have granted their application, or if it did what products it would make available. And had it done so, they would still have incurred broker, lender, product and likely valuation fees, as well as the ERC. I can't therefore conclude that the recommendation increased their costs.

It does seem that more capital was raised than Mr and Mrs W required, and I can't see any reason for that. But the mortgage arranged allowed for unrestricted overpayments, and so unwanted capital could have been paid straight back without penalty. I don't therefore find that Mr and Mrs W have suffered any loss in this respect either.

Finally, I note Mr and Mrs W's representative's complaint that they were cold called. This is disputed by L&G, but I don't consider that I need to resolve the dispute as it isn't relevant to the central issue in this complaint – whether the mortgage recommended was suitable. To my mind, it was.

### **my final decision**

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

Simon Pugh  
**ombudsman**