

## **complaint**

Mrs R and Mr S through their solicitors ML complain Legal & General Partnership Services Limited ("L & G") gave them poor advice about debt consolidation. They want compensation.

## **background**

Mrs R and Mr S said they were advised by L & G to borrow more money using a new mortgage to order to clear their debts and reduce their monthly costs. They followed the advice. ML complained that in the long run this advice was poor as it turned debts which weren't connected to the property into debts which could be paid by selling the property. They said it also increased the amount Mrs R and Mr S would pay over the years, as well as the time over which the debt would be paid. ML also said Mrs R and Mr S ended up paying fees due to the advice and the lender was given the wrong information by L & G.

L & G said Mrs R and Mr S wanted to reduce their monthly costs and to fix their mortgage costs. That's why the adviser recommended the mortgage and debt consolidation – it was suitable. L & G also said that the mortgage was affordable and the adviser did advise about the effects of debt consolidation in writing.

ML complained to us. The adjudicator's view was that Mrs R and Mr S did want to consolidate their debts and benefitted financially as their monthly costs reduced considerably. She thought the mortgage was suitable and affordable, and the fees explained clearly at the time.

ML disagreed. They said their clients did want to consolidate their debts, but not remortgage and L & G should have advised them to enter a debt management plan. ML said the fees were unnecessary and the advice ended up costing their clients far too much.

## **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 can't say that Mrs R and Mr S needed formal debt management advice in the circumstances. They were managing to pay their debts, though I accept paying those debts took up a significant part of their monthly income. And mortgage advisers don't give debt counselling, though they should only recommend mortgages if it is suitable for the consumer being advised. ML said that Mrs R and Mr S wanted to consolidate their debts into a mortgage, and I see they were advised clearly about the downside of taking such a step. They chose to go ahead. I agree Mrs R and Mr S could have got a second mortgage, rather than re-mortgaging, but the advice to remortgage in this case was suitable given their needs.

I think the mortgage was affordable. I accept part of the adviser's form states Mrs R and Mr S wasn't paying a mortgage, but the purpose of that section was to work out, after paying all their other commitments, how much would be available to pay the new mortgage. The lender assessed all the facts, including their income and current mortgage, before giving Mrs R and Mr S the new mortgage. As a result of the remortgage, Mrs R and Mr S reduced their monthly costs significantly.

The fees were clearly set out in advance and explained to Mrs R and Mr S, who signed to say they understood and agreed. The fees seem to me to be fairly normal and reasonable, given the type of lending involved in this case.

**my final decision**

My final decision is that I don't uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs R and Mr S to accept or reject my decision before 5 October 2015.

Claire Sharp  
**ombudsman**