Financial Ombudsman Service

complaint

Mr and Mrs T complain – through their representatives - that Westhill Financial Services Limited mis-sold their mortgage.

background

In December 2007 Mr and Mrs T (then aged 44 and 43 respectively) consulted Westhill about a remortgage on their property, which was then valued at £130,000. It is now valued at £105,000. They had an existing mortgage (part interest-only) of £56,000, with monthly payments of £512, and with a remaining term of 14 years at 7.25% interest. They also had an underperforming endowment policy and unsecured debts of £30,967, which cost them £835 per month.

Through Westhill they sought a repayment mortgage and received an offer of mortgage on this basis for £89,475 over 20 years at £696 per month – which they started in February 2008. The interest rate was fixed at 6.69% for two years. This enabled them to consolidate their debts of £30,967. The current balance of their mortgage is £74,128.

They complain about debt consolidation, the choice of mortgage type, self-certification and fees. They say that Westhill has breached the MCOB regulations over its mortgage advice. Their accountants estimate their loss at nearly £20,000.

The adjudicator did not recommend that the complaint be upheld.

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 taken careful note of the further representations made on behalf of Mr and Mrs T since the adjudicator's letter.

I do not uphold this complaint, mainly for the same reasons as the adjudicator.

It appears that Mr and Mrs T may have bought their home some time previously in 1997 and have had a previous mortgage(s) which involved some form of debt consolidation. Their situation in 2007/8, when they consulted Westhill, was that they had considerable unsecured debts of £30,000, which cost them £835 per month – in addition to their monthly mortgage payments of £512. The factfind refers to the purpose of the remortgage as *'total consolidation'.* With the new mortgage (at a lower interest rate) their monthly outgoings reduced, they paid off their unsecured debts of £30,000 and the balance of their mortgage has reduced by £15,000 – even though the term of the mortgage was extended by six years. The mortgage term will still end before Mr and Mrs T reach their retirement age.

The mortgage was self-certified, partly because Mr T was self-employed (and Mrs T had only recently started her employment) and partly because of the size of their unsecured debts. There is no evidence that the interest rate on the new mortgage was enhanced because Mr T was unable to provide payslips – but rather that their financial situation made a self-certified mortgage the only viable option. I assume that Mr and Mrs T had tried without success to obtain an increased loan from their existing mortgage provider. The fees they paid for the broker service were clearly set out in the factfind and mortgage offer.

I am satisfied that Westhill did not mis-sell this mortgage and there has not been any breach of the MCOB regulations.

my final decision

Under the rules of the Financial Ombudsman Service, I am required to ask Mr and Mrs T to accept or reject my decision before 2 March 2015.

Charles Sweet
ombudsman