

complaint

Mr D complains that he was mis-sold a mortgage by an appointed representative of Legal & General Partnership Services Limited ("L&G").

background

Mr D took mortgage advice from L&G, and – acting on its recommendation – redeemed his existing mortgage and took out another. In doing so, he paid an early repayment charge ("ERC") to his previous lender and added some unsecured debt to the loan. He changed from a variable to a five year fixed rate.

Mr D's representative (a claims management company) complains that this was not a suitable recommendation. It says that there was no need to consolidate debt because Mr D was meeting all his obligations and had a surplus of around £700 per month after doing so; that L&G didn't recommend the cheapest mortgage and, in any event, there was no need to switch mortgage so soon after taking his previous one, so that the ERC was unnecessary.

L&G says that the recommendation was suitable because it met Mr D's objectives and reduced his outgoings. Our adjudicator agreed, and so Mr D's representative has asked that an ombudsman make a final decision on the complaint.

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 note that Mr D's wife, Mrs D, was initially included in the mortgage advice, but that in the end the application was submitted in his name alone. Her income, as recorded on the fact find, was around £700 per month – which therefore represents the whole of the monthly surplus Mr D's representative relies on to show that the debt consolidation was unnecessary.

But even if all that income continues to be taken into account after Mrs D was removed from the mortgage application, I'm not persuaded that Mr D's financial situation was as secure as his representative says - one of the two debts consolidated was a credit card, on which the balance was higher than the credit limit. That does not seem to me to support the assertion that he was managing his finances without problem. The fact find indicates that he had consolidated other debts in the past, and so doing so was a financial management strategy with which he was familiar. I don't consider recommending to do so in this case to be either inconsistent with Mr D's objectives in taking the mortgage or unsuitable.

The fact find also indicates that Mr D wanted to fix his mortgage payments to achieve stability and certainty of payment. He was previously on a variable rate. The recommendation achieved that. It appears at the top of the sourcing list and I haven't been shown any other evidence of the cheaper rate that Mr D's representative suggests was available.

It is true that Mr D paid an ERC to his existing lender of around £2,500. But in all the circumstances I'm satisfied that he was aware that he was doing so, and was prepared to do so in order to achieve his objectives.

my final decision

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

Simon Pugh
ombudsman