

## **complaint**

Miss L and Mr R through their claims management company complain that the advice provided by Legal & General Partnership Services Limited to consolidate their debts was unsuitable.

## **background**

Miss L and Mr R had an existing mortgage. They remortgaged following advice from Legal & General and consolidated an unsecured loan some credit card debt. Our adjudicator did not recommend that this complaint should be upheld as the consolidation of debt meant that their needs could be met. Miss L and Mr R through their adviser disagree saying in summary that Legal & General's advice was unsuitable.

## **my findings**

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint. Miss L and Mr R say that Legal and General's advice to consolidate short term liabilities in to a 12 year mortgage was unsuitable. They say that the debts were small and/or 0% and that Miss L and Mr R were meeting their debts commitments comfortably. They also say that as the mortgage was interest only, it moved the capital repayment to the end of the mortgage. Miss L and Mr R refer me to other FOS decisions in support of their complaint.

Legal & General say that this mortgage was suitable to Miss L and Mr R to meet their requirements of capital raising, debt consolidation and moving to a new fixed rate mortgage.

The Mortgage Record of Suitability records Legal and General's recommendations. There is a section entitled "Debt Consolidation" which discusses the pros and cons of consolidating the unsecured debt payments of £402 per month. It notes that 2 of the credit card debts are on 0% finance but that these were on introductory offers. It also points out that the effect of consolidation is that the overall cost of repaying these liabilities after consolidation is likely to increase as the term is longer. The client review notes that Miss L and Mr R have no savings and they would like to pay off their credit cards and raise money for home improvements and a holiday in Africa.

There does seem a reasonable basis for Legal and General's recommendations. It met Miss L and Mr R's stated aims. The downsides of their choice were pointed out to them. Their disposable income increased following the consolidation. They avoided the considerable fall in disposable income that would have arisen had the remortgage happened but the debt consolidation not occurred. As Miss L and Mr R said that they wanted to make overpayments on the mortgage, the increased disposable income allowed them to do so. As a result I am not persuaded that the recommendation to consolidate these debts in to this mortgage was unsuitable advice.

## **my final decision**

My decision is that I do not uphold this complaint. Under the rules of the Financial Ombudsman Service, I am required to ask Miss L and Mr R to accept or reject my decision before 13 July 2015.

Gerard McManus  
**ombudsman**