complaint

Mr P complains that the appointed representative for Legal & General Partnership Services Limited (referred to here as "L&G") mis-sold him a mortgage and gave unsuitable advice about debt consolidation in 2006 and 2008.

Mr P brings his complain through a firm of solicitors. But for ease I'll refer to their actions and comments as being those of Mr P.

background

In 2006 Mr P took advice from L&G to re-mortgage and consolidate his credit card debt. H took out a two year fixed rate product and at the end of the fixed rate, Mr P returned to L&G for a re-mortgage. He took advice and again re-mortgaged and consolidated credit card and loan debts.

Mr P now says he was not given good advice about debt consolidation and believes he was told to consolidate his debts in order that he could buy accident, sickness and unemployment cover ("ASU") when he re-mortgaged.

Our investigator considered the complaint but didn't think each mortgage had been mis-sold. He noted that Mr P had wanted to reduce his monthly outgoings and had a history of debt consolidation. Each re-mortgage had reduced his outgoings and increased his monthly disposable income. Our investigator didn't think consolidation of Mr P's debts had been recommended in order for him to purchase ASU.

Mr P disagrees with this view so the matter has come to me for a final decision.

L&G say they considered the sale of the ASU policies separately back in 2011 and Mr P has already accepted an offer in respect of them. So I won't be looking at the mis-sale of these ASU policies.

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've looked at the evidence from the time to decide what I think is more likely to have happened.

2006

I think the mortgage recommended by L&G in 2006 wasn't mis-sold to Mr P. Mr P had come to the end of his preferential rate and was looking to move to a new product. It's clear from the notes from the time that affordability and stability were concerns for Mr P.

The adviser suggested a fixed rate product that reduced Mr P's outgoings by around £60 a month, gave him a small surplus each month and consolidated some credit card debt. In addition, Mr P received £3,138.82 at the point of completion and the original balance of the mortgage term of 18 years was retained. The fixed rate gave Mr P certainty about the amount of his monthly payments over the two year fixed period. Another loan wasn't consolidated and was left to run as it was close to term. I think the fact that Mr P chose not to consolidate all his debts, shows he understood the advice and made an informed choice

Looking at the figures, I think the repayment mortgage recommended was affordable for Mr P. And I can't say the advice to consolidate the selected debt was inappropriate in the circumstances. I can also see the adviser recommended that Mr P should avoid further borrowing on top of his mortgage.

Mr P says the ASU policy was the reason the debt was consolidated. I don't agree. Mr P had been overspending before this re-mortgage, which is set out in the forms from the time signed by him. I can see that Mr F now relies upon one page of a bank statement from 2006 to say he didn't overspend but I don't think that gives a reliable enough picture and it's not consistent with the forms he signed at the time. I've also taken into account that Mr P had consolidated debts in the past. I think it's clear from the forms from the time that he wanted to reduce his outgoings. So the recommendation to consolidate some debt was linked to the overall review of his financial circumstances.

2008

As Mr P approached the end of the fixed term rate he again came to L&G for advice. By this time Mr P had two further credit card debts and one loan. Mr P chose to consolidate only the larger credit card debt and loan. He was looking to reduce his monthly outgoings and wanted some longer-term stability for his monthly payments.

The adviser suggested another fixed rate product this time for a five year period and consolidated Mr P's debts to reduce his monthly payments by £126.42. The fixed interest rate was 6.54% as against the rate of 7.2% on the credit card and 17.09% on the loan. Again the mortgage was kept on a repayment basis. Mr P was able to afford these payments, paid less on the credit card and loan debts than he'd done before and gained certainty over his monthly payments for the next five year period.

The term of the loan was increased to 25 years but I'm satisfied this was discussed. That's because the notes say Mr P intended to make overpayments in the future. I'm satisfied that it was explained to Mr P that the increase in term would mean he'd pay more in the long term. That's set out in the forms from the time, signed by Mr P. So I consider it likely that he made an informed choice to accept this recommendation.

Again I don't think the ASU policy was the reason Mr P consolidated his debts. It's clear that Mr P had a history of debt consolidation and the recommendation, signed by Mr P, says he requested further debt consolidation in 2008. So I think debt consolidation was considered as part of the overall review of Mr P's financial position.

So looking at everything, I don't think L&G did anything wrong here.

my final decision

I appreciate that Mr P will be disappointed, but for the reasons given, I am not upholding this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 15 June 2017.

Sarah Tozzi
ombudsman