

## **complaint**

Mr and Mrs W complain that Intrinsic Financial Planning Ltd (IFP) missold a mortgage to them. They ask for IFP to refund its fees and pay compensation for their loss due to its poor advice. Mr and Mrs W are represented by a claims management company.

## **background**

IFP recommended a £153,000 repayment mortgage to Mr and Mrs W in 2007. Mr and Mrs W say about £78,000 was used to repay the previous mortgage and about £70,000 was used to pay unsecured debts. Mortgage payments have been maintained and Mr and Mrs W also made three lump sum repayments totalling £30,000.

Mr and Mrs W say IFP did not collect sufficient information about their circumstances to ensure the mortgage was suitable. They say the term was unsuitable as it ran past their retirement ages and they required a mortgage without an early repayment charge (ERC). They say IFP did not explain the risks of consolidating unsecured debt into a mortgage and did not consider whether there were other ways of managing the debt.

The adjudicator did not recommend that the complaint should be upheld, saying:

- He was not persuaded the mortgage term was unsuitable or that IFP had any reason to believe it would not be affordable from Mr and Mrs W's pensions.
- He was not persuaded Mr and Mrs W told IFP they wanted a mortgage without an ERC, or that they did not agree to the ERC to benefit from the interest rate.
- While there was no evidence IFP had warned Mr and Mrs W about the risks of debt consolidation, he thought it likely they would have proceeded with the mortgage and consolidation if it had done so.

Mr and Mrs W did not agree. The claims management company said Mr and Mrs W's unsecured debts were not in arrears. Also, they made three lump sum repayments in the first four years of the mortgage, which suggested their debts were manageable. So the debt consolidation was not appropriate.

## **my findings**

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint. Where the evidence is incomplete, inconclusive or contradictory (as some of it is here), I reach my decision on the balance of probabilities – in other words, what I consider is most likely to have happened in light of the available evidence and the wider circumstances.

I am not persuaded the mortgage term was unsuitable. It matched the term of the mortgage being repaid. While the mortgage would be outstanding after Mrs W's expected date of retirement, the record of suitability says Mrs W intended to use pension lump sums to repay the mortgage. The fact find says repayments would be funded from Mr and Mrs W's pension which, given their expected pension income, I do not consider to be unreasonable.

I am not persuaded from the evidence Mr and Mrs W told IFP they wanted a mortgage without an ERC. The key facts illustration and mortgage offer set out the ERC, so I am satisfied Mr and Mrs W were made aware of the ERC before agreeing to the mortgage.

IFP says it was aware a main purpose of the remortgage was to consolidate unsecured debts. I am not persuaded from the evidence that IFP considered or explained the risks of consolidating the unsecured debts into a mortgage, or costs associated with increasing the period over which the debt would be repaid.

That said, I am not persuaded Mr and Mrs W would have acted differently if the risks had been explained. Mrs W expected to receive lump sums from her pension when she retired and to use these to pay the balance of the mortgage. Consolidating their debt allowed Mr and Mrs W to manage the debt to fit in with their expected income. It also gave them certainty about their monthly payments.

The claims management company says the lump sum repayments made before Mrs W's retirement shows they could have managed the unsecured debt. I am not persuaded from the evidence that when Mr and Mrs W agreed to the mortgage they expected to make lump sum payments before Mrs W's retirement. So I do not consider this to be relevant to Mr and Mrs W's decision or IFP's advice at the time.

Mr and Mrs W and the claims management company point out errors by IFP in the mortgage sale documentation and in responding to their complaint. I am not persuaded these errors would make an award of compensation fair and reasonable.

### **my final decision**

My decision is that I do not uphold this complaint.

Ruth Stevenson  
**ombudsman**