

## **complaint**

Miss Q's complaint relates to the advice she received from Think Loans and Mortgages Limited (hereafter referred to as TLM) in 2007. This advice related to the purchase of a property under the right-to-buy (RTB) scheme. Miss Q's representative has said that this was inappropriate due to her circumstances and because it consolidated existing unsecured debts within the lending.

## **background**

In 2007 Miss Q was a council tenant and had an existing debt management plan (DMP) with a company that was part of the same group as TLM. When she contacted the debt management company to amend her DMP, it asked her if she had ever considered buying the house she lived in under the RTB scheme. Miss Q confirmed that prior to the accident that had led to her financial difficulties; she had been in the process of doing so. She also confirmed that she did not think that she was in a position to do so at that time because she was a student. She was informed that this might not be a problem and asked if she would like to look into the possibilities available to her – it was emphasised that she would be under no obligation to do anything and it should be looked at simply as an enquiry. Miss Q confirmed that she would like to look into the possibility of buying her home.

Subsequently, Miss Q met with a mortgage adviser from TLM. During the first of these meetings Miss Q was asked for a significant amount of information about her current circumstances and, in relation to her housing and indebtedness, historical information about how the situation had arisen. In addition, Miss Q and her partner's needs, affordability and plans for the future were also discussed.

## **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 Q's representative has recently stated that it considers that her purchase of her home and the arrangement of the mortgage resulted from an engineered sales process. By this I can only assume that it is implying that she was manipulated into a course of action that she would not have committed to but for the influence of TLM staff members.

Having listened to the recordings of the telephone call with the 'solutions' consultant the idea of Miss Q being able to buy her home was clearly raised by that individual. However, I am satisfied that it was raised as a possibility only and as something for Miss Q to consider. The consultant made it clear that she should think of it as an enquiry into her options and not feel she would be obliged to go through with any course of action.

Furthermore, it is clear from this discussion that Miss Q had previously started the process for buying her home, but had been unable to complete it because of a change in circumstances. She also indicated that the only reason she had not attempted to do so again was because she thought her status as a student would prevent her from doing so.

Overall, I am satisfied that Miss Q was fully aware of her option to buy her home under the RTB scheme and that she had every intention of doing so when she thought she was in a position to do so. I am also confident that the only reason it had not happened already was

due to, initially her accident, and subsequently her belief that she would be unable to obtain lending as a student.

Miss Q's representative has said that the adviser did not do enough to find out about her circumstances, including details of the arrangements within the DMP. I have considered this carefully, but I am unable to agree. The adviser went through all of Miss Q's circumstances in detail, including discussions about the reasons she was in debt and the DMP in place. He also confirmed with Miss Q that his assumption that the interest on the debts had been frozen was correct – she confirmed that it was. Miss Q made it clear during these discussions that she had learnt from the situation she was in and did not intend to enter into any further credit arrangements. The adviser also explored Miss Q's then current situation in some detail; her future plans and expectations in relation to her domestic situation, home ownership and career prospects.

I am satisfied that the adviser did a thorough job of 'getting to know' his customer.

However, I am in agreement with our adjudicator that the adviser could have provided Miss Q with more information about the implications of consolidating the debts she had within her mortgage lending. As her representative has pointed out, the DMP had meant that interest had been frozen on the majority of these debts and as such, consolidation over the 30 year term would have cost her a great deal more in interest payments than had she maintained the DMP.

That said, having listened to the recording of the initial telephone call and the subsequent meetings, it is very clear that Miss Q wanted to buy the property and also that she wanted her debts cleared so that she could improve her credit rating to accommodate her future plans. I am also satisfied that Miss Q was aware that consolidating the debt would mean that those debts would cost her more, although she did not know exact figures.

It has been put forward that Miss Q could have afforded a repayment mortgage and maintained her existing DMP. Whilst this does appear to be the case based on the figures on the fact find, Miss Q was given this option by the TLM adviser and declined it. Miss Q appears to have been more comfortable with the costs associated with the lending with the debt consolidation included. As such, I am not persuaded that Miss Q believed that the more significant additional cost associated with the option of buying her home and maintaining her DMP was affordable.

Furthermore, I am not persuaded that had Miss Q been provided with more detail about the cost of consolidating the debts to her mortgage it would have altered her decision; she comes across as determined to buy the property and clear her debts. Indeed, when asked at the beginning of the fact finding process the purpose of the meeting she replied '*buying my home*' and '*if possible, clearing off debts*'.

I note that Miss Q's representative has stated that had the debts not been consolidated, she would have transferred the management of the debts to an organisation that did not charge fees for its assistance. Presumably this statement has been made to evidence that affordability of a mortgage and debt repayment could have been reduced further and become more affordable. I do not consider that it is possible to say for certain what Miss Q would have done in this regard had she not consolidated the debts. However, it is clear from the earliest of the telephone conversations that have been provided, she was happy with the arrangements she had in place. Based on this, I am not persuaded that she was looking to

alter her debt repayment arrangements at the time, other than if she were to be able to repay them completely.

I have noted that the term of the mortgage would end after the date that Miss Q stated that she would like to retire. However, the discussions that took place confirmed that she had no retirement provision in place to enable this to happen and her state retirement age would have been 67, almost two years after the end of the mortgage term. Furthermore, Miss Q asked for the 30 year term for initial affordability reasons with the implication that once she had graduated and established herself in her chosen career, she would review her arrangements. As such, I am not persuaded that the term of the mortgage was inappropriate.

Whilst Miss Q may now consider that the mortgage advice was inappropriate because of her current financial difficulties, this appears to be because of a change in her circumstances. I am satisfied that based on her requirements and circumstances in 2007, the advice she received was not inappropriate.

### **my final decision**

My final decision is that I do not uphold this complaint and I make no award. Under the rules of the Financial Ombudsman Service, I am required to ask Miss Q to accept or reject my decision before 19 January 2015.

Derry Baxter  
**ombudsman**