

## **complaint**

Mr A and Mr H complain of unsuitable mortgage advice from Fairways Financial Services Limited (Fairways).

## **background**

Mr A and Mr H's repayment mortgage had a monthly payment of £1,350.00. They were also paying about £500.00 per month towards their credit card debts, about £1,850.00 per month in total. In 2007 on the advice of Fairways they re-mortgaged on interest-only and consolidated the debts, with a new total monthly payment of about £1,200.00. They complain the advice was unsuitable.

The suggested repayment vehicle was that they invest in an ISA, contributing a monthly premium of £300.00, which increased the total monthly payment to about £1,500.00. They say that £300.00 per month wouldn't have been enough for the ISA to mature to an amount equal to the loan repayment.

Our adjudicator didn't recommend the complaint be upheld. She said that in 2006/07 it was sufficient for a broker to advise an interest-only mortgage based on it sitting alongside an allowable repayment plan. The broker wouldn't then be required to project if the repayment vehicle would achieve the target amount. Fairways wasn't giving investment advice.

The mortgage application showed there were credit card debts of about £20,000.00. The payment of about £500.00 per month was around the minimum required. The credit cards weren't an effective method of paying back borrowing, and the adjudicator couldn't say that clearing them from the re-mortgage proceeds was unsuitable.

Mr A and Mr H acknowledged through their solicitors that Fairways wasn't authorised to give investment advice, and couldn't be held accountable for the suitability of any proposed ISA. But paying interest for 25 years wasn't a better way of paying back the credit card borrowing.

## **my findings**

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Having done so I agree with the adjudicator that the advice to consolidate the credit card debt in 2007 wasn't unsuitable. As Mr A and Mr H were only making about the minimum monthly payment on the credit cards, that debt wouldn't otherwise have been cleared in the short term and the rate of interest would have been much higher.

## **my final decision**

My decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A and Mr H to accept or reject my decision before 4 July 2016.

Edward Callaghan  
**ombudsman**