

complaint

Mr and Mrs J complain that they were given unsuitable mortgage advice by The Royal Bank of Scotland Plc (RBS).

our initial conclusions

Our adjudicator didn't recommend the complaint should be upheld. She was satisfied that these were non-advised sales but that, even if advice had been given, Mr and Mrs J would have gone ahead anyway. Mr and Mrs J asked for an ombudsman to review the complaint.

my final decision

To decide what is fair and reasonable in this complaint, I have considered everything that Mr and Mrs J and RBS have provided.

Mr and Mrs J remortgaged to RBS in June 2008. They paid off their existing mortgage (£59,000) and used £7,500 to repay credit cards with RBS. In June 2009 they took out a further advance of £26,667. This was used to repay unsecured debts. In March 2011 they took out a further advance of £29,500. This was also used to repay unsecured debt. Mr and Mrs J say that the advice given by RBS to do this was unsuitable. They say weren't warned of the implications of securing unsecured debt, and it has cost them more because the debt is now being repaid over the term of the mortgage. I'm satisfied the sales were 'non-advised', but RBS provided information about the mortgage and further advances. From this I'm satisfied Mr and Mrs J would have been aware that they were securing the unsecured debt against their property.

Overall I'm not persuaded the mortgage and further advances were unsuitable. They reduced Mr and Mrs J's monthly outgoings overall, with a clear end date when the debts would be repaid. I'm also satisfied that, even if RBS had given Mr and Mrs J advice, they would have gone ahead anyway. I say this because the unsecured debts were expensive and the mortgage and further advances left Mr and Mrs J debt-free each time, with lower repayments overall.

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I am required to ask Mr and Mrs J either to accept or reject my decision before 7 October 2014.

Jan O'Leary

ombudsman at the Financial Ombudsman Service

The ombudsman may complete this section where appropriate – adding comments or further explanations of particular relevance to the case.

ombudsman notes

Some of the unsecured debt was on credit cards. If Mr and Mrs J were making minimum repayments on their credit cards, those debts would have taken considerably longer to repay than the term of the mortgage. So overall, consolidation of credit card debts in these circumstances isn't unsuitable.

I also can't ignore that between the initial remortgage in June 2008 and the second further advance in March 2011 Mr and Mrs J had taken out unsecured debts of approx. £56,000. The first £26,000 or so was used to clear debts in June 2009, leaving Mr and Mrs J debt-free again. But by March 2011 they needed a further £29,000 to clear new debts they'd incurred. I don't see, on their existing income, that Mr and Mrs J could have sustained all their commitments without consolidating their debts onto the mortgage.

Mr and Mrs J may find it helpful to speak to a debt advisory service such as StepChange or the National Debtline. The adjudicator can provide contact details, if requested by Mr and Mrs J.

what is a final decision?

- A final decision by an ombudsman is our last word on a complaint. We send the final decision at the same time to both sides – the consumer and the financial business.
- Our complaints process involves various stages. It gives both parties to the complaint the opportunity to tell us their side of the story, provide further information, and disagree with our earlier findings – before the ombudsman reviews the case and makes a final decision.
- A final decision is the end of our complaints process. This means the ombudsman will not be able to deal with any further correspondence about the merits of the complaint.

what happens next?

- A final decision only becomes legally binding on the financial business if the consumer accepts it. To do this, the consumer should sign and date the acceptance card we send with the final decision – and return it to us before the date set out in the decision.
- If the consumer accepts a final decision before the date set out in the decision we will tell the financial business – it will then have to comply promptly with any instructions set out by the ombudsman in the decision.
- If the consumer does not accept a final decision before the date set out in the decision, neither side will be legally bound by it.