

complaint

Mr and Mrs F complain that they were mis-sold a mortgage by an appointed representative of Legal & General Partnership Services Limited ("L & G").

background

In 2005 L & G recommended that Mr and Mrs F take a new mortgage. In doing so, they took a five year fixed rate, consolidated some debt and raised cash. They also reduced the mortgage term. As they were breaking an existing fixed rate (taken in 2003), they paid an early repayment charge ("ERC") of around £4,300 to their existing lender. Their representative now says the mortgage recommendation wasn't suitable for them.

L & G said its recommendation had been suitable for Mr and Mrs F. Our adjudicator felt it had met their objectives. Their representative didn't agree so the complaint has come to me for review.

my findings

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint.

L & G doesn't accept Mr and Mrs F's suggestion that it cold called them. I don't find this is the central issue here. They accepted L & G's recommendation, and I've not seen anything to suggest they were pressured to do so. I need to decide if the mortgage advice was suitable for them.

The personal mortgage analysis document said that Mr and Mrs F wanted to pay off debts, secure a good scheme and raise cash. They also wanted to reduce the mortgage term to repay the mortgage before Mrs F's 60th birthday (she was 39 at the time). Paying off debts was the highest priority.

The new mortgage rate was 5.29% fixed for five years. The personal mortgage analysis document says their existing mortgage was at 5.5%. The client review indicates the rate was 5.15%. Assuming this lower figure is correct I take Mr and Mrs F's point that the new mortgage didn't save them anything in terms of the rate. And their representative says that they should have remortgaged or taken a further advance with their existing lender.

The mortgage record of suitability says that the cheapest deal (by around £15 a month) was with Mr and Mrs F's existing lender. But it also says their lender turned down their remortgage application. Mr and Mrs F now say they doubt this, and were told that they'd failed a 'credit check'. But it seems Mr and Mrs F didn't question their lender's decision at the time. They'd been late with a mortgage payment the previous year. They were increasing the mortgage significantly by consolidating debt. So I consider it is plausible that a remortgage application didn't succeed. And Mr and Mrs F received a £1,000 help with costs payment from the new lender, which helped off-set the remortgage costs.

Mr and Mrs F's representative says that they didn't need to consolidate debt, as they were meeting their commitments. But I note Mr F had consolidated previously, for a significant amount. He'd exceeded his overdraft limit. Mr and Mrs F weren't making significant in roads into their credit card borrowing. Consolidation was stated to be a high priority for them. They

also wanted to raise some money and reduce their mortgage term, which would increase their mortgage costs.

I consider L & G's recommendation met Mr and Mrs F's stated aims. They reduced their mortgage term by five years – from 23 years to 18 years. And in doing so they consolidated over £21,000 of unsecured debt, and raised some cash. Their mortgage payment went up, but not by a significant amount. And the mortgage record of suitability explained they'd pay more interest in the longer term. It also pointed out the implications of securing previously unsecured debt on their home.

The personal mortgage analysis document says that Mr and Mrs F were willing to pay the ERC to change mortgages. I would ideally have liked to see something in the mortgage record of suitability about this. But even if there had been further information, I consider Mr and Mrs F, who had significant unsecured debts, wouldn't have acted differently. I find the mortgage recommendation was suitable for them and met their objectives.

Mr and Mrs F's representative says that L & G's main driver was the fees it would earn, particularly for arranging payment protection insurance ("PPI"). That complaint has been considered separately. And I don't find the fees L & G earned has any direct bearing on the mortgage recommendation, which I've found was suitable for Mr and Mrs F.

my final decision

My 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 F to accept or reject my decision before 16 February 2015.

Amanda Maycock
ombudsman