

complaint

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

background

Miss C had a variable rate mortgage. At L & G's recommendation she remortgaged with another lender. In doing so she added Mr B's name to the mortgage, fixed the interest rate, raised capital and consolidated some debt. Their representative now says that the mortgage was unsuitable for them.

L & G said it had given suitable mortgage advice. Our adjudicator felt the recommendation had been suitable, and met Mr B and Miss C's 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.

Mr B and Miss C's representative has made the point that L & G 'cold called' them, which is against its regulator's rules. L & G doesn't accept it did this, saying they had responded to a survey. But I don't consider this issue is central to my review of this complaint. Mr B and Miss C chose to accept the advice. I need to decide whether L & G recommended a suitable mortgage for them.

Miss C's existing mortgage was at a variable rate (6.5%). L & G recommended a fixed rate mortgage at 4.79%. I find this was in line with their stated aim of payment stability.

Mr B and Miss C's representative say they could have just remained with Miss C's lender, which offered a range of mortgage products. But Mr B and Miss C were making substantial changes to their mortgage arrangements. They were adding Mr B's name, borrowing some additional money for home improvements and consolidating debt. There is no guarantee Miss C's existing lender would have agreed to this. And, even if it had agreed to offer a mortgage, I consider it likely they would still have incurred fees, including broker, arrangement, product, legal and valuation fees. Taking all of this into account I can't conclude it was more expensive to switch lender. So I don't find the recommendation was unsuitable here.

Mr B and Miss C's representative now accepts that consolidating most of the credit card debt was appropriate. But he says that L & G should have advised them not to consolidate one smaller loan and Miss C's loan, which had around 22 months left to run. I'm not persuaded by the distinction between the debts. I'm satisfied that the recommendation to consolidate debt was appropriate. It allowed them to achieve their objectives, while increasing their disposable income from around £200 to around £700 each month. I find that based on the evidence they wanted to consolidate debt, and they'd noted that they were making minimal inroads into most of the debt. They'd consolidated debt before. I don't consider the drawbacks of consolidating debt outweighed the advantages, such that L & G's recommendation was unsuitable for them.

Finally, Mr B and Miss C's representative says that L & G's main driver for the advice was earning its fees, not least as L & G sold them payment protection insurance (PPI). He says L & G admitted it mis-sold PPI. L & G doesn't agree and says Mr B later made a successful PPI claim. I have considered the issue of fees, but I don't accept the representative's argument. I have concluded L & G recommended a suitable mortgage. I don't consider any sale of PPI had a direct bearing on the mortgage recommendation.

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 B and Miss C to accept or reject my decision before 9 December 2014.

Amanda Maycock
ombudsman