

complaint

Mr and Mrs M complain that they were mis-sold a mortgage by an appointed representative of Legal & General Partnership Services Limited.

our initial conclusions

Our adjudicator recommended upholding the complaint. L&G didn't agree, so the case has come to me.

my final decision

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 can't see the need for this mortgage to have taken place. Mr and Mrs M were not far into a five year fixed rate, and so paid an early repayment charge (ERC) to move lenders. They consolidated some debt and raised around £3,000 in capital.

But they moved to a higher interest rate, making their borrowing more expensive overall. They paid significant fees alongside the ERC. They didn't save any money on their monthly outgoings either. I accept that they wanted to raise capital. But there were cheaper and easier ways of doing that. While taking out a personal loan or using their credit cards to access that money would have increased their outgoings, doing so would have been within their means. There was no need for this transaction to have taken place, and so I aim to put them back in the position they would have been in if it hadn't. I'll do that by refunding the fees and charges and dealing with the consolidated debt. But I won't make any allowance for the difference in interest because, broadly, I think that's offset by the saving they made in the cost of paying the consolidated debt each month.

My final decision is that I uphold this complaint and direct Legal & General Partnership Services Limited to refund the ERC and all set up fees, adding simple annual interest of 8% to fees paid up front and mortgage interest to fees added to the mortgage. It should also deal with the debt consolidation in the way I've set out overleaf.

Under the rules of the Financial Ombudsman Service, I am required to ask Mr and Mrs M either to accept or reject my decision before 23 October 2015.

Simon Pugh

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

The debt consolidation redress should be calculated as follows:

- 1) Calculate the amount Mr and Mrs M have paid to service the consolidated debt each month as part of their mortgage payments;
- 2) Calculate the amount of the consolidated debt still outstanding on their mortgage balance;
- 3) Calculate the amount it would have cost to pay off the debt had it not been consolidated, assuming that the payment amounts and interest rates shown in the client review stayed the same;
- 4) Add together the first two figures, deduct the third and pay the result as a lump sum to Mr and Mrs M.

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.