

complaint

Miss P complains that The On-Line Partnership Limited mis-sold her a mortgage. The complaint is brought on her behalf by a solicitor.

background

When Miss P wanted to re-mortgage she sought advice from The On-Line Partnership. It recommended a two year fixed rate interest only mortgage. A credit card debt was added to the mortgage balance.

our adjudicator's view

The adjudicator recommended that the complaint should be upheld. She concluded that an interest only mortgage was not unsuitable for Miss P, but that no information was given to Miss P about consolidating her credit card debt. She recommended that The On-Line Partnership should refund its fee of £995, plus interest, and pay Miss P £500 for the distress and inconvenience caused.

my provisional decision

I didn't consider that the recommendation of an interest only mortgage was unsuitable for Miss P's stated needs. She had an existing interest only mortgage and wanted to fix her mortgage payments for two years, but did not have the means to afford a repayment mortgage. She had enough time until the end of the mortgage term to change the mortgage to a repayment basis if she wanted to repay the capital balance. So I didn't think The On-Line Partnership should be obligated to refund its mortgage fee.

I did not see any evidence that the consequences of securing the credit card debt were discussed with Miss P. And I didn't think it was suitable to add the credit card debt to an interest only mortgage which made the debt considerably more expensive overall. If Miss P had received suitable advice, I didn't think she would have added her credit card debt to the mortgage. I thought The On-Line Partnership should pay Miss P redress for the consolidated debt by:

1. Calculating the amount Miss P has paid to date in interest payments in respect of the consolidated debt;
2. Calculating how much remains on her mortgage balance in respect of the consolidated debt;
3. Calculating how much Miss P would have paid to clear the debt had it not been consolidated;
4. Adding together the first and second figures, deducting the third and paying the result as a lump sum.

I also thought The On-Line Partnership should compensate Miss P for the trouble and upset caused. I considered £500 to be reasonable in the circumstances.

The On-Line Partnership agreed with my provisional decision.

Miss P's solicitor responded to say, in summary, that my recommended redress did not offer fair compensation – even though this is what it had suggested would be fair in response to the adjudicator's view. It said that my calculation compared interest only payments against capital and interest payments and that interest will continue to be charged on the consolidated debt over the lifetime of the mortgage. It also felt the award for distress and inconvenience was too low.

my findings

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

Miss P's solicitor set out the compensation calculation that it felt would be fair in its response to the adjudicator's view. That calculation was reflected in my provisional decision. I have considered the comments it has now made, but I think the redress I set out in my provisional decision was fair and reasonable. So I find no basis to depart from my earlier conclusions.

my final decision

My final decision is that I uphold this complaint in part. In full and final settlement, The On-Line Partnership Limited should pay Miss P redress for the consolidated debt by:

1. Calculating the amount Miss P has paid to date in interest payments in respect of the consolidated debt;
2. Calculating how much remains on her mortgage balance in respect of the consolidated debt;
3. Calculating how much Miss P would have paid to clear the debt had it not been consolidated; and
4. Adding together the first and second figures, deducting the third and paying the result as a lump sum.
5. Pay Miss P £500 for the trouble and upset caused.

Under the rules of the Financial Ombudsman Service, I am required to ask Miss P to accept or reject my decision before 7 August 2015.

Elizabeth Dawes
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