

complaint

Through a claims management company (CMC) Mr and Mrs B complain that they were given unsuitable mortgage advice in 2007 and 2009 by Legal & General Partnership Services Limited.

our initial conclusions

Our adjudicator considered the advice to be suitable. The CMC disagreed. In summary the CMC says advice to consolidate 0% credit cards in both 2007 and 2009 was unsuitable.

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've reached the same conclusion as the adjudicator, for broadly the same reasons.

I'm satisfied the advice was suitable. I've provided a further explanation overleaf. I don't think advice to consolidate 0% credit cards that are reaching the end of their concessionary rate is inherently unsuitable. In 2007 and 2009 these deals were becoming more difficult to obtain. Where banks were merging or being taken over, restrictions were put in place on customers switching to a new 0% deal with a company in the same group. There was no guarantee in 2007 that Mr and Mrs B would have been able to get another 0% card. They also decided not to consolidate a store card debt, which had no concessionary rate. By 2009, Mr and Mrs B had another credit card debt to pay off. This suggests that their aim in 2007 was not to clear their debts but to clear off their existing credit card debts so they could take on new credit card debt.

In all the circumstances, I'm satisfied the advice was suitable and so my decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I am required to ask Mr and Mrs B either to accept or reject my decision before 28 September 2015.

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

2007 advice: In 2007 Mr and Mrs B's outgoings exceeded their income. They were about to go onto their existing lender's standard variable rate (SVR). Interest rates were rising and so a 2-year fixed rate was suitable. The consolidation of debts left Mr and Mrs B with almost £180 disposable income per month, rather than a monthly deficit. So I'm satisfied it was suitable advice.

2009 advice: Again Mr and Mrs B were about to go onto SVR. A new fixed-rate wasn't unsuitable in the circumstances. But Mr and Mrs B were spending almost as much as they earned, they were "nearly" spending next month's money ahead of payday, and they were in £6,200 of debt on a card that was reaching the end of its concessionary period. It seems Mr and Mrs B hadn't been able to get their finances under control since the 2007 remortgage. In all the circumstances, I'm satisfied the advice to consolidate in 2009 was also suitable.

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.