

complaint

Mrs and Mr R complain that Bank of Scotland plc (trading as Halifax) gave them unsuitable advice when it recommended that they should re-mortgage and consolidate unsecured debts.

our initial conclusions

Our adjudicator did not recommend that their complaint should be upheld. She said that the advice enabled Mrs and Mr R to reduce their monthly outgoings. She also noted that as the term of the mortgage recommended was eight years, the debts they had consolidated would be paid off more quickly than if they had continued to make the minimum payment each month.

Mrs and Mr R did not accept our adjudicator's view and said that the adviser should have advised them to consider entering into a debt management agreement.

my final decision

To decide what is fair and reasonable in this complaint, I have considered everything that Mrs and Mr R and Halifax have provided. I appreciate that Mrs and Mr R are in a very difficult financial position and I have carefully considered the points they had made.

At the time the re-mortgage was recommended in 2010, it appears that the mortgage repayments were affordable and that by consolidating their unsecured debts Mrs and Mr R were able to reduce their monthly outgoings. As our adjudicator noted, the term their debts were to be repaid over does not appear to have been extended as a result of the advice to consolidate their debts. With the benefit of hindsight, Mrs and Mr R feel that the adviser should have advised them to consider entering into a debt management agreement. However, based on their circumstances at the time the advice was given, I cannot reasonably agree that the advice they received to re-mortgage and consolidate their existing unsecured debts was unsuitable.

I would encourage Mrs and Mr R to remain in contact Halifax and keep it informed of their financial position. I also remind Halifax that it is required to treat customers in financial difficulty fairly.

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I am required to ask Mrs and Mr R either to accept or reject my decision before 29 May 2014.

Suzannah Stuart
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

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.