

complaint

Mr and Mrs F complain that 1st Financial Services (London) Limited failed to give them appropriate advice about the implications of consolidating previously unsecured debt into their mortgage.

background

Mr and Mrs F approached 1st Financial Services for advice when they wanted to remortgage borrowing of £211,000. Information on a fact find was collected and set out that Mr and Mrs F also wanted to refinance unsecured debt of £12,000 (relating to previous home improvements) and to have £5,000 available for further similar spend. They were provided with key facts illustrations for the borrowing on both a repayment and interest only basis but expressed a preference for an interest only mortgage. A suitability letter was provided to Mr and Mrs F recommending a product and setting out that the implications of taking an interest only mortgage had been explained to them.

The adjudicator did not recommend that the complaint should be upheld. She said she was satisfied that the costs of the mortgage were set out in the key facts illustrations and that Mr and Mrs F understood the implications of taking interest only borrowing.

A claims management company is acting for Mr and Mrs F. It said that they did not agree with the opinion of the adjudicator. They maintain that the suitability letter should have set out the implications of debt consolidation and that the key facts illustration was not detailed enough for Mr and Mrs F to see the specific impact of securing previously unsecured debt, now that this was on an interest only basis.

my findings

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

I consider Mr and Mrs F were clear that they wanted to refinance their unsecured debt and also have funds available for further spend on home improvements. They also wanted a minimum level of outgoings. 1st Financial Services said that they were unable to tell it the terms of the existing unsecured lending. It said that Mr and Mrs F were experienced buy to let investors and that it had informed them of the consequences of taking interest only borrowing.

I am not persuaded that 1st Financial Services recommended an unsuitable mortgage or ought to have done any more to alert Mr and Mrs F to the longer period over which they would be paying interest on previously unsecured debt. I consider that the mortgage met their requirements and that the terms were made sufficiently clear to them.

I know Mr and Mrs F will be disappointed when I say that I do not consider 1st Financial Services has done anything wrong.

my final decision

In light of the above, my final decision is that I do not uphold this complaint.

Michael Crewe
ombudsman