

complaint

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

background

Mr and Ms M remortgaged, acting on advice from L&G. At the time, they had two credit cards, a loan and an overdraft. As part of the remortgage they consolidated one of the credit card debts that was at that time on a 0% interest rate. Mr and Ms M's representative says that the advice to consolidate the credit card loan was unsuitable.

The adjudicator initially agreed that the advice to consolidate the credit card debt was unsuitable. She said that although the 0% interest rate may have only been an introductory offer, there was nothing to suggest that Mr and Ms M would not have been able to complete a balance transfer to a new credit card with a 0% interest rate. And she said that, even if Mr and Ms M had not completed a balance transfer, if they had maintained their monthly payments to the credit card, the balance would still have been cleared in a shorter period than by consolidating it into the mortgage.

In response to the adjudicator's view, L&G said, in summary, that:

- although Mr and Ms M appeared to have a high disposable income, the facts suggested that they were actually living beyond their means;
- the fact that Mr and Ms M did not consolidate their other debts showed that it was a conscious choice to consolidate the credit card debt; and
- Mr and Ms M may not have been able to transfer to a new credit card with a 0% interest rate, as the adjudicator had suggested.

The adjudicator reconsidered her view in the light of L&G's submissions. She agreed that the evidence indicated that Mr and Ms M were living above their means. She also agreed that, as Mr and Ms M had chosen to only consolidate one of their debts, and they had previously consolidated debts, this would suggest that it was a need for them to consolidate and they ought to have been reasonably aware of the impact of consolidating debt into a longer term.

Mr and Ms M's representative does not agree with the adjudicator's conclusions and has asked for the complaint to be reviewed by an ombudsman. It says in particular that Mr and Ms M did have other savings. And it says that the cost of an insurance policy Mr and Ms M signed up to at the same time partly created the need for debt consolidation.

my findings

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

Any issue Mr and Ms M's representative wishes to raise about mis-sale of the insurance policy needs to be considered separately. I have confined my consideration of this complaint to the suitability of the mortgage itself.

I have considered everything that Mr and Ms M's representative has to say. But, having done so, I am not persuaded that the advice to consolidate the credit card balance was unsuitable. In reaching this conclusion, I have taken account of the fact that Mr and Ms M did not consolidate their other credit card balance, loan or overdraft into the new mortgage. So I am persuaded that there was a discussion about consolidation. And I am also persuaded that they would have been reasonably aware of the implications of consolidating the credit card debt into the mortgage as they had previously consolidated debts. So I find on balance that Mr and Ms M chose to consolidate the credit card debt because they had a need to do so.

I note that the documentation shows that the credit card had a 0% interest rate. I am persuaded that this was an introductory rate, and was likely to increase in the future. And, although Mr and Ms M's representative says that they would have been able to transfer the credit card balance to a new card with a 0% interest rate, it is not certain that they would have been able to do this. So this does not change my decision.

As I do not find that L&G has made a mistake, I do not require it to do anything further.

my final decision

My decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I am required to ask Mr and Ms M to accept or reject my decision before 3 August 2015.

Alison Cribbs
ombudsman