

## **complaint**

Mr and Mrs P complain they were given unsuitable mortgage advice by an appointed representative of Legal & General Partnership Services Limited in 2006 and again in 2008.

## **background**

In 2006, Mr and Mrs P took advice from L&G, following which they re-mortgaged to another lender, consolidating unsecured debt in the process. They did the same again in 2008. They're now represented by a claims management company (CMC), which says both mortgages were unsuitable. It says Mr and Mrs P should have been advised to remain with their existing lender, that debt consolidation wasn't appropriate, and that the fees paid were unfair.

L&G didn't think the mortgage advice was unsuitable. It offered to refund the interest Mr and Mrs P have incurred by adding the cost of a will package to the mortgage, and to refund commission the broker received from the solicitors, together with £250 compensation. The CMC didn't think that was a fair offer.

## **my findings**

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

I don't think this was unsuitable mortgage advice. Mr and Mrs P were, in both cases, at the end of a fixed rate period and looking to move to new rates. I don't have any evidence that their existing providers had better rates available, and I don't think it's unreasonable to look at the whole of the market for the best mortgage. The CMC makes the point that the broker could have advised Mr and Mrs P to remain with their existing lender to avoid paying fees – but whether it arranged new mortgages with the existing lender or with new lenders its fees would have been payable.

In 2006, Mr and Mrs P consolidated some unsecured debt. I've looked at the fact find completed at the time – which I've no reason to doubt – and it shows that Mr and Mrs P had very little disposable income each month. While consolidating their debts did increase the overall cost of repayment, it also significantly reduced their monthly outgoings – which it seems to me was necessary, given the fine margin they were operating on in 2006.

Unfortunately the detailed fact find from 2008 isn't available. But despite consolidating their debt in 2006, Mr and Mrs P had run up significantly more debt by 2008 (and although they consolidated in 2008, they had still more debt in 2009). A fact find L&G took in 2009 for different advice shows their income hadn't increased substantially, and in the circumstances I don't think there's evidence to show the 2008 consolidation was unsuitable either.

I don't think adding the relatively small cost of the will to the mortgage, and paying interest on it over the rest of the term, was good advice. I'm pleased to see L&G has offered to refund the interest. And it's also offered to refund the solicitor's commission, together with compensation. I think that's fair.

But I don't think it needs to add to the refund any of the fees charged by the broker. I accept that some other brokers were cheaper, and structured their fees in a different way, to L&G. But I'm satisfied the fees they would be charged were made clear to Mr and Mrs P, they

understood them and agreed to pay them. And, in the end, they received the service they paid for. I don't think the fees are unfair in all the circumstances.

**my final decision**

For the reasons I've given, my final decision is that I think Legal & General Partnership Services Limited has made a fair and reasonable offer to settle this complaint, and I don't require it to take any further action.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr and Mrs P to accept or reject my decision before 9 April 2020.

Simon Pugh  
**ombudsman**