

## **complaint**

Mr H and Miss P complain that they were mis-sold a mortgage by an appointed representative of Legal & General Partnership Services Limited (L&G).

## **background**

Mr H and Miss P took advice from L&G about their mortgage. Following that advice they re-mortgaged, taking a ten year fixed rate, consolidating some debts and raising some capital. They also bought an insurance policy, adding the costs of that and various fees and charges to the loan balance. They had an endowment policy which was projected to under-perform, and so they reduced the proportion of their mortgage on interest only terms. They also paid an early repayment charge (ERC) to their existing lender.

Mr H and Miss P's representative complained about the advice. Our adjudicator thought that, on the whole, the mortgage was suitable. But he didn't think the debt should have been consolidated and so he upheld the complaint in part. L&G have asked for an ombudsman to review the complaint. I issued a provisional decision and invited comment on my conclusions.

I said:

I don't think the mortgage was unsuitable. I can see Mr H and Miss P wanted to fix their payments over the long term, and that was achieved. Although they had to pay an ERC, and a slightly higher interest rate for a few months, that wasn't enough in my view to make it bad advice. Mr H and Miss P needed to raise money to carry out repairs to their kitchen, so it doesn't seem to me that their circumstances were such that they could wait several months before going ahead. And reducing the proportion of their mortgage that was interest only was sensible in light of the concerns about the endowment.

All of that was accepted by both parties following the adjudicator's consideration. What is left in dispute is whether the debt should have been consolidated.

I've looked at what both parties say. I don't attach much weight to the bank statement L&G has produced. While it shows that Miss P spent more than her income, it's only a one month snapshot and perhaps unsurprising when that month includes Christmas. I don't think it's evidence of long term spending patterns.

What is evidence of that is the debt itself. There are four loans, two for car purchases and two for previous debt consolidations. Despite having consolidated twice before, Mr H and Miss P had over £6,000 outstanding on their credit card.

Had they not consolidated, Mr H and Miss P's disposable income would have significantly reduced – because their mortgage payments would have gone up because of the other changes. I'm not persuaded, in view of their history of running up unsecured debt, that that would have been a sustainable position, or one that they would have wanted to take. So I don't intend to uphold this complaint.

Mr H and Miss P's representative didn't accept my provisional decision. It said that one of the debts ended shortly after the mortgage completed, and that that would have increased their monthly income enough to make consolidation of the others unnecessary. The debts

were all at low interest rates already. Even if Mr H and Miss P had consolidated before, that would have been done on advice.

### **my findings**

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

It's true that one of the loans ended not long after completion, but that was only around £100 per month of the £900 Mr H and Miss P were spending on their unsecured debt. I don't think that reduction was enough to offset the effect of the other changes they were making, and so it doesn't change my view of the suitability of the consolidation.

### **my final decision**

For the reasons I've given, my final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H and Miss P to accept or reject my decision before 8 February 2016.

Simon Pugh  
**ombudsman**