

complaint

Mr and Mrs K complain – through their representative –that TenetConnect Services Limited ('TCS') mis-sold their mortgage.

background

In 2006 Mr and Mrs K (then aged 55 and 52 respectively) consulted an authorised representative of TCS about remortgaging their property, which was a leasehold flat and then valued at £80,000. They had an existing mortgage (part-repayment, part-interest only) with a high street lender which was taken out in 2003 and was due for repayment in 2012. They wished to raise additional funds to redeem their existing mortgage and satisfy a number of unsecured debts (exceeding £16,000).

They therefore took out a new mortgage for £55,000 with the new lender over 15 years. They complain that the mortgage term extended into their retirement (when they would be 70 and 67 respectively); it was a self-certified mortgage (and therefore more expensive); they were not told of the consequences of consolidating unsecured debt; and TCS told them to take out buildings insurance when they already had cover in place. They assess their loss at over £40,000.

The adjudicator did not recommend that the substantive complaint be upheld, save that she had some concerns as to TCS's limited investigations into Mr and Mrs K's unsecured debts. She recommended the refund of the arrangement fee (£795) and broker fee (£250) – which TCS has now accepted.

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 have taken careful note of the further representations made on behalf of Mr and Mrs K. They submit that there was sufficient documentation as to the unsecured debts and the arrangements in place – and therefore they seek the additional interest paid as well as the return of the fees.

I have every sympathy with Mr and Mrs K over their financial difficulties (including the reduction in the value of their property since 2006) and Mr K's ill health. However, for the same reasons as provided by the adjudicator, the only aspect of their complaint which I uphold relates to the consolidation of their unsecured debts.

Mr and Mrs K were fully aware of their likely retirement ages when they took out the mortgage. It had to be self-certified because Mr K was self-employed and he had no accounts, though Mrs K could have supplied payslips from her employment. The application form makes it clear that Mr and Mrs K were arranging their own buildings insurance, not TCS. That insurance was provided through their freeholder in any event.

It appears that Mr and Mrs K had 12 unsecured debts at the time of their application and two loans with a high street bank - and some payment arrangements were in place. It is not clear that TCS fully investigated these debts, so I think that the adjudicator's recommended view – that TCS should refund the arrangement fee of £795 and the broker fee of £250 – is fair and reasonable for this omission, particularly as I do not think it was inappropriate advice for them to have consolidated some of those debts. Therefore I do not think that TCS should refund the additional interest payable on this part of the remortgage.

my final decision

My final decision is that TenetConnect Services Limited should refund the arrangement fee of £795 and the broker fee of £250.

Charles Sweet
ombudsman