

complaint

Mr and Mrs B complain that they were mis-sold a mortgage by an appointed representative of Legal & General Partnership Services Limited (“L&G”).

our initial conclusions

Our adjudicator didn't think the mortgage had been mis-sold.

my final decision

To decide what is fair and reasonable in this complaint, I have considered everything that Mr and Mrs B and L&G have provided. Mr and Mrs B's representative says that not all the debt consolidation was appropriate, and that they should have saved costs by using their existing lender. Their financial position is disputed; but at best they had 13 credit cards, 2 unsecured loans and 1 secured loan, a large overdraft and a monthly surplus of £125. I don't think it likely that their surplus was that large, if it existed at all. The expenditure recorded on the client review appears to me to be likely to be understated. But in any event, they had massive debts, swallowing a large part of their income; they spent three times as much on their other debts as they did the mortgage each month. Reducing that was essential and, I'm satisfied, is what Mr and Mrs B wanted to do.

They also had a part and part mortgage, with an under-performing endowment. The re-mortgage reduced the interest only part to the endowment projection. This was necessary but would increased the mortgage payments, and so their outgoings. Unless they reduced their other outgoings it would be unaffordable and so leave them unable to repay the interest only element.

The mortgage recommendation cleared most (but not all, due to borrowing limits) of their debts and resolved the endowment problem. It met their objectives and was suitable. Because it more than doubled the size of the mortgage balance, I can't say for sure that their existing lender would have agreed, or that it would have charged less in fees or interest than the mortgage arranged. I'm not persuaded that switching cost more, or made the recommendation unsuitable.

My final decision is therefore that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I am required to ask Mr and Mrs B either to accept or reject my decision before 12 December 2014.

Simon Pugh

ombudsman at the Financial Ombudsman Service

The ombudsman may complete this section where appropriate – adding comments or further explanations of particular relevance to the case.

ombudsman notes

Mr and Mrs B's representative complains that they were cold-called and this shows that the impetus came from the adviser. L&G disputes that they were cold-called. I don't consider I need to decide this, as the key question is the suitability of the advice they received having agreed to proceed. Even if they were cold-called, on which I make no findings, they agreed to take advice and set out their objectives for that advice.

I also don't distinguish between individual debts, as Mr and Mrs B's representative wants me to. Debt consolidation was necessary and suitable, and leaving individual debts out would have increased their outgoings.

what is a final decision?

- A final decision by an ombudsman is our last word on a complaint. We send the final decision at the same time to both sides – the consumer and the financial business.
- Our complaints process involves various stages. It gives both parties to the complaint the opportunity to tell us their side of the story, provide further information, and disagree with our earlier findings – before the ombudsman reviews the case and makes a final decision.
- A final decision is the end of our complaints process. This means the ombudsman will not be able to deal with any further correspondence about the merits of the complaint.

what happens next?

- A final decision only becomes legally binding on the financial business if the consumer accepts it. To do this, the consumer should sign and date the acceptance card we send with the final decision – and return it to us before the date set out in the decision.
- If the consumer accepts a final decision before the date set out in the decision we will tell the financial business – it will then have to comply promptly with any instructions set out by the ombudsman in the decision.
- If the consumer does not accept a final decision before the date set out in the decision, neither side will be legally bound by it.