

complaint

Mr E complains he was mis-sold a mortgage by an appointed representative of Legal & General Partnership Services Limited.

background

Mr E had an interest only mortgage backed by an investment vehicle. Acting on the advice of L&G, he re-mortgaged to another lender, converting to repayment. Mr E also consolidated his unsecured debt and borrowed some further funds.

Mr E's now represented by a claims management company (CMC) which brings this complaint on his behalf. The CMC says the re-mortgage was unsuitable and unnecessary as Mr E could have stayed with his existing lender. It says there was no need to consolidate his debt as Mr E could have reduced his outgoings instead. And it complains about the fees he was required to pay, as well as the costs paid for will and legal advice.

Our investigator didn't uphold the complaint, so the CMC asked for an ombudsman to review it.

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've looked at the fact find that was taken at the time. I've no reason to doubt its accuracy. It shows that Mr E had a monthly disposable income of just £10 per month after paying his commitments. The CMC rightly points out that it had a large expenditure recorded on hobbies and other lifestyle choices, which Mr E could have reduced rather than using debt consolidation to reduce his outgoings.

And indeed he could. However, the fact find also records specific details about what Mr E spent this money on, and I think it's clear that his priority at the time was to make the necessary reductions in expenditure by reducing his payments on debt, not his other outgoings.

The adviser did make clear that consolidation would make the debts more expensive in the long term. Although no specific figures to illustrate this were given, I think Mr E was given enough information to understand the consequences – and consolidation of his debt, rather than reducing his other expenditure, met his needs and priorities at the time. I don't think it was unsuitable.

The fact find also records that Mr E's investment was projected to fall short of returning enough to pay off his previous mortgage – and as the new mortgage was higher, so would be the shortfall. I think it was reasonable for Mr E to want, and L&G to arrange, a repayment mortgage that would be paid off by the end of the term without problem.

As Mr E was looking to take a new fixed rate, and convert the mortgage to repayment terms, and borrow more money, I don't think it was unreasonable for L&G to look at the whole of the market rather than simply recommend the existing lender. Even if it had, the broker's fees would still have been payable – and, as there was further borrowing, so would the

valuation. So I'm not persuaded that a mortgage elsewhere was more expensive than remaining with the existing lender.

I think L&G made clear to Mr E what it would charge – and while there were several fees, I think Mr E understood what he was paying for. While L&G broke its charges down into several sub-headings – and other brokers may not – there's no requirement to charge in a particular way or a particular amount. Mr E wanted a new mortgage, knew what he had to pay, and got what he paid for. I don't think that was unfair.

L&G has offered to refund the interest charged on a will package Mr E added to the mortgage balance, as well as commission the broker received from the solicitor. It's also offered £250 compensation. I think that's fair. There was no need to add the relatively small cost of the will to the mortgage balance and make it interest bearing over the term, so it's fair that L&G refunds the cost of doing so now.

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 do anything more.

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

Simon Pugh
ombudsman