

## **complaint**

Through a claims management company (CMC), Mr and Mrs N complain that they received unsuitable mortgage advice in 2006 and 2008 from a representative of Legal & General Partnership Services Limited (L&G).

## **background**

In 2006 Mr and Mrs N re-mortgaged after taking advice from L&G. They consolidated a number of unsecured debts into the new mortgage. They also took out Payment Protection Insurance (PPI).

This is a summary of what both parties have to say about the complaint.

The CMC says:

- Mr and Mrs N were 'cold called' by L&G.
- Mr and Mrs N incurred significant 'set up' charges in re-mortgaging, including premiums for payment protection insurance (PPI). These charges would not have been so high had Mr and Mrs N been advised to take a further advance with their current mortgage lender.
- They should not have been advised to consolidate all their other loans and debts. Mr and Mrs N were meeting all their mortgage and debt commitments and did not need to consolidate their other debts. One of the loans consolidated incurred an early repayment charge which Mr and Mrs N were not made aware of.
- In 2006 although Mr and Mrs N wanted to raise £2,000.00 the additional borrowing was £4,440.00. Although Mr and Mrs N borrowed more than they needed, they wouldn't have been aware of this from the mortgage offer.
- In 2008, Mr and Mrs N indicated that 'speed of completion' was important to them and this could have been more readily achieved by increasing their existing mortgage.
- The adviser failed to explain the advice given, and the consequences of accepting that advice, in a way that was clear, fair and not misleading.
- Documents were presented to Mr and Mrs N for signature without explanation.
- The adviser used undue influence and pressure sales tactics.

L&G says:

- With regard to the PPI it had sold to Mr and Mrs N, an offer of compensation had been accepted in June 2012.
- Mr and Mrs N were not 'cold called' – they had 'opted in' to be contacted as part of a marketing survey. Once contacted, Mr and Mrs N were under no obligation to talk to L&G.

- Although Mr and Mrs N have said they were meeting their credit commitments, in 2006 they had entered into arrangements with 5 of their creditors regarding the repayments they would accept. Despite this, Mr and Mrs N were still spending more than they earned.
- After the mortgage completed in 2006, Mr and Mrs N were sent a cheque for £4,440.31.
- In its response to Mr and Mrs N's complaint, dated 15 October 2014, L&G accepted that for the advice given in 2008 it was unable to show that Mr and Mrs N were made fully aware of the long term implications of debt consolidation.
- L&G carried out a loss calculation and concluded that Mr and Mrs N had not suffered a loss by consolidating other debts in 2008. Nevertheless, L&G offered to refund the broker fee and additional interest which, with net interest added, gave a total of £325.10.

The adjudicator was satisfied the 2006 advice was suitable. He considered L&G's offer of compensation was fair in all the circumstances and recommended it should be accepted.

The CMC didn't accept the adjudicator's findings. So it now falls to me to reach a final decision on this case.

### **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 confirm I've read everything both parties have provided.

The CMC has been provided with copies of client reviews, fact finds and illustrations (documents referred to in the adjudicator's letter setting out his conclusions on the complaint). So I hope the parties won't consider it a discourtesy if I don't set out in any detail what's contained in those documents.

I also don't intend to comment on the PPI, as this issue has now been resolved.

**the 2006 remortgage** I'm satisfied this advice was suitable. Mr and Mrs N were unable to meet their existing commitments. They were spending more than they earned. I think their options were limited because of the difficulties they were in with other creditors. The re-mortgage enabled them to pay off unsecured debt and left them with a surplus.

L&G doesn't arrange further advances on a customer's existing mortgage. Mr and Mrs N could have approached their existing lender for a further advance. But L&G was under no obligation to offer advice about this this.

**the 2008 remortgage** L&G's acknowledged that for the 2008 advice it was unable to show that Mr and Mrs N had been made aware of the long term implications of debt consolidation. (It appears Mr and Mrs N had been made aware of those implications in 2006.)

L&G's calculations showed there had been no loss to Mr and Mrs N. I've reviewed the calculations and I'm satisfied they are accurate. But L&G has agreed to refund its broker fee plus interest – a total of £325.10. This seems fair and reasonable in the circumstances.

I've reviewed the 2008 advice, and I'm satisfied that, other than the issue L&G has identified, the advice was otherwise suitable.

**other issues** Mr and Mrs N say they were cold-called. L&G say they weren't. There isn't enough evidence for me to decide how they were contacted, but in any event I don't think it's relevant to whether or not they got suitable advice. They could have refused to discuss their finances with an adviser if they'd wanted to.

I've also seen nothing to persuade me Mr and Mrs N signed documents under duress. The advice was documented and Mr and Mrs N received written confirmation of it.

### **my final decision**

My decision is as follows:

- I don't uphold the complaint about the 2006 advice.
- For the 2008 advice, I'm satisfied the compensation offered by Legal & General Partnership Services Limited of £325.10 is fair and reasonable. I simply leave it to Mr and Mrs N to decide if they want to accept it in full and final settlement of their complaint.

Under the rules of the Financial Ombudsman Service, I am required to ask Mr and Mrs N to accept or reject my decision before 12 June 2015.

Jan O'Leary  
**ombudsman**