

## **complaint**

Mr and Mrs T complain that The Mortgage Matters Partnership recommended a mortgage that was unsuitable for them.

## **background**

Mr and Mrs T had an existing mortgage- it seems recommended by the same advisor that later contacted them in January 2006. A fact find was then completed and a re-mortgage to a new lender, consolidating unsecured debts, was recommended to them. This required the payment of an early repayment charge (ERC) together with fees.

The adjudicator did not recommend that the complaint should be upheld. She said that:

- Mr and Mrs T had stated that their priority was to reduce their outgoings and the new mortgage resulted in an initial reduction in monthly debt payments of over £190.
- It was clear that an ERC was payable and that Mr and Mrs T were prepared to pay this and to add fees to the mortgage borrowing.
- The increase in mortgage borrowing also provided additional funds for Mr and Mrs T, including for buying a car.
- Although their existing lender may have been able to offer a new product, this in itself did not make the advice unsuitable- there was no guarantee that this would have been possible or that they would not have had to pay the ERC to do this.
- The recommendation given Mr and Mrs T's circumstances at the time was suitable.

Mr and Mrs T, who bring this complaint through a representative, did not agree. The representative said, in summary, that Mr and Mrs T had surplus income of over £1,600 a month and did not need to reduce their outgoings. By taking the mortgage they would have paid back over £1,400 more interest on their previously unsecured debt. It said that there was insufficient evidence that the benefit of reducing outgoings offset the higher costs and fees.

## **my findings**

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint.

The Mortgage Matters Partnership has provided a copy of the documentation relating to this mortgage. Included is a fact find completed with Mr and Mrs T, a key facts illustration and a document setting out why the mortgage was considered suitable. They signed to confirm that the documentation had been explained and, for example, that the implications of securing debt had been covered. The mortgage offer was received in April 2006 and, at that time, Mr T again signed to say that The Mortgage Matters Partnership had explained the offer to him and that he was satisfied with the service provided. I am not persuaded, as a result, that Mr and Mrs T were not made reasonably aware of the nature of the re-mortgage and of the fees involved before they committed to taking it. Given the time between the initial meeting and the date of the offer I cannot see that they were subject to any unreasonable pressure to take the mortgage as had been initially suggested.

It does not seem to be disputed that Mr and Mrs T said that they wanted to reduce their outgoings at the time. I am not convinced that this is necessarily inconsistent with them having surplus monthly income after debt payments and utility bills. It does not seem that Mr

and Mrs T had any significant savings and they clearly had unsecured debt and were using an overdraft. How they managed their finances was a matter for them and they had decided, for example, to finance a car by additional borrowing. I note that they said they wanted to increase the term of their existing borrowing – they had separate products at their existing lender with terms of 13 and 15 years. This was unlikely to have been possible without the payment of the ERC even if they stayed with that lender. In addition they stated they wanted the ability to make overpayments without penalty which gave them the opportunity to avoid some of the additional interest on the newly secured borrowing.

In my view the mortgage, although clearly attracting disclosed fees and costs, met their stated requirements. I am not persuaded, as a result, that it was mis-sold to them.

### **my final decision**

In light of the above, my decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I am required to ask Mr and Mrs T to accept or reject my decision before 9 February 2015.

Michael Crewe  
**ombudsman**