

## **complaint**

Miss B and Mr H complain that Mortgages 4 U (North West) Limited didn't advise them properly when they re-mortgaged their property. And they want compensation for their losses and a refund of fees and interest.

## **background**

In 2006 Miss B and Mr H wanted to re-mortgage their property. They had an existing mortgage of £67,000 for which they were paying £500 per month. They also had unsecured debts totalling approximately £13,000 for which they were paying £295 per month. They asked Mortgages 4 U to advise them. And Mortgages 4 U met with them on 9 January 2006 and carried out a fact find. It provided them with a number of documents. And later it sent them a suitability letter giving advice about a particular mortgage – which they subsequently took out.

The new mortgage was for £80,000 which enabled them to repay their existing mortgage and consolidate their unsecured debts.

In 2013 Miss B and Mr H obtained an independent review of their finances. And in 2015 their solicitors wrote to Mortgages 4 U to complain. Mortgages 4 U said that Miss B and Mr H had brought their complaint too late. But the Financial Ombudsman Service said they hadn't. This was because Miss B and Mr H weren't aware of their potential complaint until their financial review in 2013.

Miss B and Mr H have said that the mortgage wasn't suitable for them because consolidating their unsecured debts cost them more money in the longer-term. And they hadn't been able to make overpayments in the short-term to reduce the debt. They said that Mortgages 4 U didn't explain the advice that it gave. And it didn't look at other alternatives to debt consolidation.

Mortgages 4 U have said that the mortgage was suitable because Miss B and Mr H had wanted to reduce and to fix their monthly outgoings and to do so within a set budget. Mortgages 4 U had advised them about the longer-term costs of consolidating their unsecured debts. And it had told them that they could make overpayments without any penalty. Having looked at their financial situation and considering the lower monthly payments they would make, the mortgage was affordable.

An adjudicator didn't uphold Miss B and Mr H's complaints. They don't accept this and they've asked an ombudsman to look into 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'm sorry but I'm likely to disappoint Miss B and Mr H again because I agree with the adjudicator. I don't think that Mortgages 4 U did anything wrong. And I don't think it should have to pay compensation to them.

I've looked very carefully at the fact find documentation dated 9 January 2006 and the 'client understanding checklist' that they signed and dated the same day. Also the mortgage suitability letter dated 10 January 2006.

Mortgages 4 U recorded Miss B and Mr H's objectives as being to consolidate outstanding loans and credit cards in order to reduce monthly outgoings. And to obtain a two year fixed rate with a monthly budget of £500. Mortgages 4 U also noted its advice to Miss B and Mr H that taking unsecured borrowing and making it secured on their property would mean paying more interest in the longer-term.

Miss B and Mr H signed the checklist to confirm that Mortgages 4 U had fully explained a number of issues to them – including repayment mortgages and making overpayments.

In the mortgage suitability letter Mortgages 4 U referred to the information that Miss B and Mr H had provided as part of the fact finding exercise. It explained that they could make unlimited capital repayments within the fixed term. And it set out very clearly their preference for fixed payments within a budget of £500 a month. The letter also said:

*'You are aware that by consolidating the above loan and credit card commitments which are unsecured borrowings into your mortgage you are repaying these over a longer period and therefore paying additional interest and securing the total debt against the security of your property, however, you accept this as you wish to reduce your monthly outgoings.'*

I think that Mortgages 4 U went to significant lengths to accurately record what it understood Miss B and Mr H's instructions to be. And I can't see that they corrected Mortgages 4 U if they believed their understanding to be wrong; neither on 9 January when they met; nor some time afterwards when they received the suitability letter. And I think that the written advice it gave about the effects of debt consolidation and overpayments was clear and straightforward.

I'm afraid I find it hard to accept that Miss B and Mr H simply wanted to 'save money'. That's at odds with what's recorded in the paperwork. And simply re-mortgaging the secured loan wouldn't necessarily have achieved that aim - given the amount they were paying each month to service their unsecured debt.

Therefore I don't think that Mortgages 4 U mis-sold the mortgage to Miss B and Mr H or that they treated them unfairly or unreasonably. And I don't think that it should have to pay any compensation to them.

### **my final decision**

Therefore, my final decision is that I don't uphold Miss B and Mr H's complaints against Mortgages 4 U (North-West) Limited. And I don't think it should have to pay them any compensation. Under the rules of the Financial Ombudsman Service, I'm required to ask Miss B and Mr H to accept or reject my decision before 7 January 2016.

Alan Harris  
**ombudsman**